

***The Edison
Foundation, Inc.***

*Financial Statements for the Years Ended
June 30, 2005 and 2004, Supplemental
Schedule for the Year Ended June 30, 2005,
and Independent Auditors' Report*



**Auditor of State
Betty Montgomery**

Board of Directors
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 Deloitte & Touche LLP, for the audit period July 1, 2004 through June 30, 2005. 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 "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 19, 2005

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THE EDISON FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Edison Foundation, Inc.:

We have audited the accompanying financial statements of The Edison Foundation, Inc. (the "Foundation") as of June 30, 2005 and 2004, 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. 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 consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2005 and 2004, 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.

Our 2005 audit was conducted for the purpose of forming an opinion on the 2005 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 2005 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 October 3, 2005, 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 audits.

Deloitte & Touche LLP

October 3, 2005

THE EDISON FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2005 AND 2004

	2005	2004
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 176,744	\$ 139,802
ACCOUNTS RECEIVABLE:		
From Edison State Community College	29,975	
Pledges	171,602	208,796
Interest and dividends	15,321	15,321
INVESTMENTS	1,823,108	1,947,968
PREPAID EXPENSE	<u>17,550</u>	<u> </u>
TOTAL	<u>\$2,234,300</u>	<u>\$2,311,887</u>
LIABILITIES AND NET ASSETS		
ACCOUNTS PAYABLE:		
To Edison State Community College	\$ 157,143	\$ 143,993
Other payables		1,645
Schell grant payable	<u>50,000</u>	<u> </u>
Total liabilities	<u>207,143</u>	<u>145,638</u>
NET ASSETS:		
Unrestricted	930,588	952,037
Temporarily restricted	1,035,087	1,154,460
Permanently restricted	<u>61,482</u>	<u>59,752</u>
Total net assets	<u>2,027,157</u>	<u>2,166,249</u>
TOTAL	<u>\$2,234,300</u>	<u>\$2,311,887</u>

See notes to financial statements.

THE EDISON FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT:				
Gifts and grants	\$ 415	\$ 32,059	\$	\$ 32,474
Holiday evening event	20,975	140,703		161,678
Capital campaign		54,590		54,590
Graduate Academy		4,670		4,670
Investment earnings:				
Interest and dividends	36,969	11,383		48,352
Net realized and unrealized gains	29,766	6,681	1,730	38,177
Net assets released from restrictions	<u>369,459</u>	<u>(369,459)</u>		
Total revenue and other support	<u>457,584</u>	<u>(119,373)</u>	<u>1,730</u>	<u>339,941</u>
EXPENSES:				
College scholarships awarded	138,849			138,849
Holiday evening event	171,146			171,146
Capital campaign	73,818			73,818
Salary	35,000			35,000
Bad debt	16,794			16,794
Graduate Academy	13,629			13,629
Legal and professional	11,182			11,182
Investment advisory fee	10,947			10,947
Receptions	4,260			4,260
Miscellaneous	2,434			2,434
Computer software support	<u>974</u>			<u>974</u>
Total expenses	<u>479,033</u>			<u>479,033</u>
CHANGE IN NET ASSETS	(21,449)	(119,373)	1,730	(139,092)
NET ASSETS:				
Beginning of year	<u>952,037</u>	<u>1,154,460</u>	<u>59,752</u>	<u>2,166,249</u>
End of year	<u>\$ 930,588</u>	<u>\$ 1,035,087</u>	<u>\$ 61,482</u>	<u>\$ 2,027,157</u>

See notes to financial statements.

THE EDISON FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT:				
Gifts and grants	\$ 551	\$ 151,804	\$ -	\$ 152,355
Holiday evening event		200,775		200,775
Capital campaign		247,127		247,127
Graduate Academy		4,090		4,090
Investment earnings:				
Interest and dividends	28,319	11,258		39,577
Net realized and unrealized gains	152,888	48,108	7,340	208,336
Net assets released from restrictions	<u>407,891</u>	<u>(407,891)</u>		
Total revenue and other support	<u>589,649</u>	<u>255,271</u>	<u>7,340</u>	<u>852,260</u>
EXPENSES:				
College scholarships awarded	104,483			104,483
Holiday evening event	137,281			137,281
Capital campaign	89,232			89,232
Salary	34,356			34,356
Bad debt	4,000			4,000
Graduate Academy	6,443			6,443
Legal and professional	10,800			10,800
Investment advisory fee	11,082			11,082
Receptions	5,890			5,890
Miscellaneous	6,017			6,017
Computer software support	7,310			7,310
Printing	<u>7,063</u>			<u>7,063</u>
Total expenses	<u>423,957</u>	<u>-</u>	<u>-</u>	<u>423,957</u>
CHANGE IN NET ASSETS	165,692	255,271	7,340	428,303
NET ASSETS:				
Beginning of year	<u>786,345</u>	<u>899,189</u>	<u>52,412</u>	<u>1,737,946</u>
End of year	<u>\$ 952,037</u>	<u>\$ 1,154,460</u>	<u>\$ 59,752</u>	<u>\$ 2,166,249</u>

See notes to financial statements.

THE EDISON FOUNDATION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (139,092)	\$ 428,303
Adjustments to reconcile change in net assets to net cash used in operating activities:		
(Increase) decrease in pledges receivable	37,194	(143,600)
(Increase) decrease in receivable from Edison	(29,975)	19,802
(Increase) decrease in interest and dividends receivable		(161)
(Increase) decrease in prepaid expense	(17,550)	10,000
Increase in accounts payable	11,505	127,535
Increase in Schell grant payable	50,000	
Restricted gifts and grants	(232,022)	(603,796)
Net realized and unrealized gains	(38,177)	(208,336)
Total adjustments	(219,025)	(798,556)
Net cash used in operating activities	(358,117)	(370,253)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for investments	(700,168)	(412,092)
Cash received from sale of investments	863,205	224,069
Net cash provided by (used in) investing activities	163,037	(188,023)
CASH FLOWS FROM FINANCING ACTIVITIES-		
Restricted gifts and grants	232,022	603,796
INCREASE IN CASH AND CASH EQUIVALENTS	36,942	45,520
CASH AND CASH EQUIVALENTS:		
Beginning of year	139,802	94,282
End of year	\$ 176,744	\$ 139,802

See notes to financial statements.

THE EDISON FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

1. 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 (the "College"), its students and its faculty.

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

2. 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.

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 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.

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.

3. BUSINESS AND CONCENTRATIONS OF CREDIT RISK

Five donors accounted for a total of 46% of gifts and grants for the year ended June 30, 2005, while five donors accounted for 26% of gifts and grants for the year ended June 30, 2004.

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.

4. CLASSIFICATION OF NET ASSETS

	June 30, 2005			June 30, 2004		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
Unrestricted	\$ 15,994	\$ -	\$ -	\$ 88,643	\$ -	\$ -
Savings	9,796	89,507		9,796	60,168	
Endowment	112,406	39,547		106,156	39,253	
Scholarship Endowment	17,549	14,747		16,065	14,669	
Title III Special Endowment	256,378	691,024		241,342	735,606	
Alumni Scholarship	8,247	11,917		7,352	11,865	
Tri-County Educational	147,383	73,835		137,219	75,991	
Other	348,779	74,085		334,910	175,535	
Technology Endowment	12,705	39,424		10,423	39,285	
Robinson Scholarship	<u>1,351</u>	<u>1,001</u>	<u>61,482</u>	<u>131</u>	<u>2,088</u>	<u>59,752</u>
	<u>\$930,588</u>	<u>\$ 1,035,087</u>	<u>\$ 61,482</u>	<u>\$952,037</u>	<u>\$ 1,154,460</u>	<u>\$ 59,752</u>

5. INVESTMENTS

Investments by major types for the years ended June 30, 2005 and 2004 are as follows:

	June 30, 2005		June 30, 2004	
	Cost	Market	Cost	Market
UNRESTRICTED—Mutual funds:				
Equity	\$ 67,597	\$ 77,373	\$ 103,226	\$ 118,397
Bonds	40,949	40,413	37,250	36,402
UNRESTRICTED AND TEMPORARILY RESTRICTED:				
Endowment:				
U.S. Government, agency obligations, corporate bonds, and bond mutual funds	45,994	45,635	26,994	27,584
Common stocks and equity mutual funds	83,554	100,267	75,640	98,410
Scholarship Endowment—mutual funds:				
Equity	18,797	22,256	17,932	22,461
Bonds	8,979	8,874	6,471	6,334
Title III Special Endowment:				
U.S. Government, agency obligations, corporate bonds, and bond mutual funds	270,369	273,115	201,083	204,258
Common stocks and equity mutual funds	533,309	618,302	631,387	739,021
Alumni Scholarship—mutual funds:				
Equity	11,911	13,725	10,614	13,342
Bonds	6,006	5,919	5,000	4,898
Tri-County Educational:				
U.S. Government, agency obligations, corporate bonds, and bond mutual funds	64,243	64,089	54,211	53,683
Common stocks and equity mutual funds	124,643	148,118	119,685	151,195
Technology Endowment—mutual funds:				
Equity	31,434	35,284	33,665	35,739
Bonds	15,019	14,768	12,008	11,712
Other Temporarily Restricted:				
U.S. Government, agency obligations, corporate bonds, and bond mutual funds	96,338	95,494	115,298	113,237
Common stocks and equity mutual funds	165,699	197,517	207,474	251,347
UNRESTRICTED, TEMPORARILY RESTRICTED, AND PERMANENTLY RESTRICTED—				
Robinson Scholarship—mutual funds:				
Equity	38,429	43,717	41,804	45,306
Bonds	<u>18,516</u>	<u>18,242</u>	<u>15,008</u>	<u>14,642</u>
	<u>\$ 1,641,786</u>	<u>\$ 1,823,108</u>	<u>\$ 1,714,750</u>	<u>\$ 1,947,968</u>

Net realized gains (losses) on sale of investments were \$66,503 and \$(11,843) and capital gains distributions were \$23,527 and \$18,387 for the years ended June 30, 2005 and 2004, respectively.

6. PLEDGES RECEIVABLE

As of June 30, 2005, contributors to the Foundation have outstanding unconditional pledges totaling \$184,940. Net pledges receivable have been discounted to a net present value of \$171,602, which represents fair market value. The discount rate was 5%. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified period of time. These pledges are due as follows:

Less than one year	\$ 60,323
One to five years	99,685
More than five years	<u>11,594</u>
Total	<u>\$ 171,602</u>

7. SCHELL GRANT

In 2004, the Fifth Third Charitable Screening Committee (the "Committee") approved a grant from the Charles E. Schell Foundation, Fifth Third Bank, Trustee, subject to certain conditions. An amount of \$25,000, was granted to the Foundation in 2004 to administer as interest-free student loans through the College. This 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. An additional amount of 25,000 was granted and received by the Foundation in 2005. As of June 30, 2005, the Foundation distributed \$9,000 to students through the College as interest-free loans.

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SUPPLEMENTAL SCHEDULE

THE EDISON FOUNDATION, INC.

**SCHEDULE OF ENDING NET ASSETS BY CLASS TO JUNE 30, 2005 FIFTH THIRD TRUST STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

	Unrestricted	Savings Account	Endowment	Scholarship Endowment	Special Endowment	Alumni Scholarship	Tri-County Educational	Other	Technology Endowment	Robinson Scholarship	Total
REVENUE AND OTHER											
SUPPORT:											
Gifts and grants	\$ 415	\$ 26,815	\$ 294	\$ 78	\$ 382	\$ 52	\$ 520	\$ 3,614	\$ 139	\$ 165	\$ 32,474
Holiday evening event	20,975	140,703									161,678
Capital campaign		48,983						5,607			54,590
Graduate Academy		4,670									4,670
Interest and dividends	3,751	432	3,970	788	21,902	494	5,651	8,541	1,251	1,572	48,352
Net realized and unrealized gains	4,282		3,129	874	13,361	514	5,717	7,251	1,319	1,730	38,177
Total revenue and other support	29,423	221,603	7,393	1,740	35,645	1,060	11,888	25,013	2,709	3,467	339,941
EXPENSES:											
College scholarships awarded	100,000						2,676	34,921		1,252	138,849
Holiday evening event								171,146			171,146
Capital campaign	21,740							52,078			73,818
Salary	35,000										35,000
Bad debt								16,794			16,794
Graduate Academy	1,562							12,067			13,629
Legal and professional	11,182										11,182
Investment advisory fee	849		849	178	5,191	113	1,204	1,923	288	352	10,947
Receptions	3,236							1,024			4,260
Miscellaneous	2,215	39						180			2,434
Computer software	974										974
Transfers	(74,686)	192,225			60,000			(177,539)			
Total expenses	102,072	192,264	849	178	65,191	113	3,880	112,594	288	1,604	479,033
CHANGE IN NET ASSETS	(72,649)	29,339	6,544	1,562	(29,546)	947	8,008	(87,581)	2,421	1,863	(139,092)
NET ASSETS:											
Beginning of year	88,643	69,964	145,409	30,734	976,948	19,217	213,210	510,445	49,708	61,971	2,166,249
End of year	\$ 15,994	\$ 99,303	\$ 151,953	\$ 32,296	\$ 947,402	\$ 20,164	\$ 221,218	\$ 422,864	\$ 52,129	\$ 63,834	\$ 2,027,157
RECONCILIATION TO TRUST STATEMENTS:											
Ending net assets per books	\$ 15,994	\$ 99,303	\$ 151,953	\$ 32,296	\$ 947,402	\$ 20,164	\$ 221,218	\$ 422,864	\$ 52,129	\$ 63,834	\$ 2,027,157
Interest and dividend receivable	(963)		(644)	(191)	(8,249)	(128)	(2,221)	(2,205)	(314)	(406)	(15,321)
Pledges receivable								(171,602)			(171,602)
Receivable from College	(20,975)							(9,000)			(29,975)
Prepaid expense	(17,550)										(17,550)
Payable to College	144,287							12,856			157,143
Schell grant payable								50,000			50,000
Balance per trust statements	\$ 120,793	\$ 99,303	\$ 151,309	\$ 32,105	\$ 939,153	\$ 20,036	\$ 218,997	\$ 302,913	\$ 51,815	\$ 63,428	\$ 1,999,852

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THE EDISON FOUNDATION, INC.

**SCHEDULE OF ENDING NET ASSETS BY CLASS TO JUNE 30, 2005 FIFTH THIRD TRUST STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

	Unrestricted	Savings Account	Endowment	Scholarship Endowment	Title III Special Endowment	Alumni Scholarship	Tri-County Educational	Other	Technology Endowment	Robinson Scholarship	Total
UNRESTRICTED NET ASSETS:											
Revenues and other support:	\$ 415	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 415
Gifts and grants	20,975										20,975
Holiday evening event											
Capital campaign											
Graduate Academy	3,751	3,970	788	10,951	494	5,651	8,541	1,251	1,572		36,969
Interest and dividends	4,282	3,129	874	6,680	514	5,717	7,251	1,319			29,766
Net realized and unrealized gains											
Total revenue and other support	29,423	7,099	1,662	17,631	1,008	11,368	15,792	2,570	1,572		88,125
Expenses and transfers:											
College scholarship awards	100,000										100,000
Holiday evening event	21,740										21,740
Capital campaign	35,000										35,000
Salary											
Bad debt											
Graduate Academy	1,562										1,562
Legal and professional	11,182										11,182
Investment advisory fee	849	849	178	2,595	113	1,204	1,923	288	352		8,351
Receptions	3,236										3,236
Miscellaneous	2,215										2,215
Computer software	974										974
Transfers	(74,686)										(74,686)
Total expenses	102,072	849	178	2,595	113	1,204	1,923	288	352		109,574
Change in net assets	(72,649)	6,250	1,484	15,036	895	10,164	13,869	2,282	1,220		(21,449)
Beginning of year	88,643	9,796	106,156	241,342	7,352	137,219	334,910	10,423	131		952,037
End of year	15,994	9,796	112,406	256,378	8,247	147,383	348,779	12,705	1,351		930,588
TEMPORARILY RESTRICTED NET ASSETS:											
Revenues and other support:											
Gifts and grants		26,815	294	78	382	52	3,614	139	165		32,059
Holiday evening event		140,703									140,703
Capital campaign		48,983					5,607				54,590
Graduate Academy		4,670									4,670
Interest and dividends		432		10,951							11,383
Net realized and unrealized gains				6,681							6,681
Total revenue and other support		221,603	294	78	18,014	52	9,221	139	165		250,086

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THE EDISON FOUNDATION, INC.

**SCHEDULE OF ENDING NET ASSETS BY CLASS TO JUNE 30, 2005 FIFTH THIRD TRUST STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

	Unrestricted	Savings Account	Endowment	Scholarship Endowment	Title III Special Endowment	Alumni Scholarship	Tri-County Educational	Other	Technology Endowment	Robinson Scholarship	Total
Expenses (classified as unrestricted expenses in the Statement of Activities)											
College scholarship awards	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Holiday evening event								34,921			38,849
Capital campaign								171,146			171,146
Salary								52,078			52,078
Bad debt											
Graduate Academy								16,794			16,794
Legal and professional								12,067			12,067
Investment advisor fee											
Receptions					2,596						2,596
Miscellaneous		39						1,024			1,024
Computer software								180			219
Transfers		192,225			60,000			(177,539)			74,686
Total expenses		192,264			62,596			110,671		1,252	369,459
Change in net assets		29,339	294	78	(44,582)	52	(2,156)	(101,450)	139	(1,087)	(119,373)
Beginning of year		60,168	39,253	14,669	735,606	11,865	75,991	175,535	39,285	2,088	1,154,460
End of year		89,507	39,547	14,747	691,024	11,917	73,835	74,085	39,424	1,001	1,035,087
PERMANENTLY RESTRICTED NET ASSETS—											
Revenue and other—gifts and grants											
Net realized and unrealized gain										1,730	1,730
Change in net assets										1,730	1,730
Beginning of year										59,752	59,752
End of year										61,482	61,482
TOTAL NET ASSETS	\$ 15,994	\$ 99,303	\$ 151,953	\$ 32,296	\$ 947,402	\$ 20,164	\$ 221,218	\$ 422,864	\$ 52,129	\$ 63,834	\$ 2,027,157

See independent auditors' report.

(Concluded)

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

To the Board of Directors of The Edison Foundation, Inc. and
Betty Montgomery, Auditor of 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, 2005 and have issued our report thereon dated October 3, 2005. 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.

Internal Control Over Financial Reporting

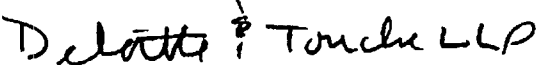
In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Foundation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2005-1.

A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. In addition, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Foundation, in a separate letter dated October 3, 2005.

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*.

This report is intended solely for the information and use of the Board of Directors, the Foundation's 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.

Deloitte & Touche LLP

October 3, 2005

THE EDISON FOUNDATION, INC.

SCHEDULE OF FINDINGS

2005-1 Segregation of Duties

Criteria: Management should perform formal monthly reviews of general ledger accounts, bank statements, reconciliations and interim financial statements and other pertinent financial information maintained by the Interim Director of Development.

Condition: There is currently no formal review of account reconciliations and revenue received into the Foundation. For example, for gifts received by the Foundation, the mail is opened, deposit slip prepared, and deposit made to the bank and recorded in the general ledger by one individual, the Interim Director of Development.

Cause: As a result of the departure of the Director of Development in July 2004, all accounting and administrative functions of the Foundation are currently performed by the Interim Director of Development.

Effect: Gifts may not be appropriately recorded and deposited, therefore increasing the risk of misappropriation of assets.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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 30, 2005**