

The Edison Foundation, Inc.

Financial Statements

June 30, 2020 and 2019

with Independent Auditors' Report



CLARK SCHAEFER HACKETT
CPAS & ADVISORS



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Board of Directors
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, 2019 through June 30, 2020. 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.

Keith Faber
Auditor of State
Columbus, Ohio

November 9, 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Edison Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Edison Foundation, Inc. as of June 30, 2020 and 2019, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020, 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 14, 2020

The Edison Foundation, Inc.
 Statements of Financial Position
 June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 587,228	1,420,763
Dividend and interest receivable	3,715	5,478
Pledges receivable	7,677	5,910
Investments	<u>2,470,973</u>	<u>2,266,096</u>
	<u>\$ 3,069,593</u>	<u>3,698,247</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable - related party	\$ <u>236,855</u>	<u>92,763</u>
 Net assets		
Without donor restrictions	1,192,137	1,275,613
With donor restrictions	<u>1,640,601</u>	<u>2,329,871</u>
	<u>2,832,738</u>	<u>3,605,484</u>
	<u>\$ 3,069,593</u>	<u>3,698,247</u>

See accompanying notes to the financial statements.

The Edison Foundation, Inc.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2020 and 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>
Revenues and other support			
Contributions	\$ 175,069	258,477	433,546
Investment return, net	30,809	3,680	34,489
Net assets released from restrictions	<u>951,427</u>	<u>(951,427)</u>	<u>-</u>
Total revenues and other support	<u>1,157,305</u>	<u>(689,270)</u>	<u>468,035</u>
Expenses			
Program services	1,134,850	-	1,134,850
Management and general	47,658	-	47,658
Fundraising	<u>58,273</u>	<u>-</u>	<u>58,273</u>
Total expenses	<u>1,240,781</u>	<u>-</u>	<u>1,240,781</u>
Change in net assets	(83,476)	(689,270)	(772,746)
Net assets at beginning of year	<u>1,275,613</u>	<u>2,329,871</u>	<u>3,605,484</u>
Net assets at end of year	\$ <u>1,192,137</u>	<u>1,640,601</u>	<u>2,832,738</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>
Revenues and other support			
Contributions	\$ 89,249	315,874	405,123
Investment return, net	237,089	16,364	253,453
Net assets released from restrictions	<u>1,069,633</u>	<u>(1,069,633)</u>	<u>-</u>
Total revenues and other support	<u>1,395,971</u>	<u>(737,395)</u>	<u>658,576</u>
Expenses			
Program services	1,558,472	-	1,558,472
Management and general	48,369	-	48,369
Fundraising	<u>61,260</u>	<u>-</u>	<u>61,260</u>
Total expenses	<u>1,668,101</u>	<u>-</u>	<u>1,668,101</u>
Change in net assets	(272,130)	(737,395)	(1,009,525)
Net assets at beginning of year	<u>1,547,743</u>	<u>3,067,266</u>	<u>4,615,009</u>
Net assets at end of year	\$ <u>1,275,613</u>	<u>2,329,871</u>	<u>3,605,484</u>

See accompanying notes to the financial statements.

The Edison Foundation, Inc.
 Statements of Functional Expenses
 Years Ended June 30, 2020 and 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020 Total</u>
College scholarships awarded	\$ 55,289	-	-	55,289
Grants for college	1,009,345	-	-	1,009,345
Graduate academy	11,022	-	-	11,022
Athletics	51,453	-	-	51,453
Salaries	-	17,946	1,994	19,940
Office expense	-	29,712	-	29,712
Special events	-	-	53,158	53,158
Miscellaneous	7,741	-	3,121	10,862
Total expenses	\$ <u>1,134,850</u>	<u>47,658</u>	<u>58,273</u>	<u>1,240,781</u>

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>
College scholarships awarded	\$ 42,594	-	-	42,594
Grants for college	1,456,587	-	-	1,456,587
Graduate academy	23,641	-	-	23,641
Athletics	32,564	-	-	32,564
Salaries	-	17,778	1,975	19,753
Office expense	-	30,591	-	30,591
Special events	-	-	58,535	58,535
Miscellaneous	3,086	-	750	3,836
Total expenses	\$ <u>1,558,472</u>	<u>48,369</u>	<u>61,260</u>	<u>1,668,101</u>

See accompanying notes to the financial statements.

The Edison Foundation, Inc.
 Statements of Cash Flows
 Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (772,746)	(1,009,525)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	17,060	(170,549)
Changes in operating assets and liabilities:		
Dividend and interest receivable	1,763	192
Pledges receivable	(1,767)	503
Accounts payable - related party	<u>144,092</u>	<u>89,858</u>
Net cash used in operating activities	<u>(611,598)</u>	<u>(1,089,521)</u>
Cash flows from investing activities:		
Cash paid for investments	(784,339)	(386,823)
Cash received from sale of investments	<u>562,402</u>	<u>380,903</u>
Net cash used in investing activities	<u>(221,937)</u>	<u>(5,920)</u>
Change in cash and cash equivalents	(833,535)	(1,095,441)
Cash and cash equivalents at beginning of year	<u>1,420,763</u>	<u>2,516,204</u>
Cash and cash equivalents at end of year	\$ <u><u>587,228</u></u>	<u><u>1,420,763</u></u>

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 presentation

In accordance with accounting principles generally accepted in the United State 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 are recognized when incurred.

Adoption of new accounting standard

During 2020, the Foundation adopted Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard assists entities in determining whether transactions should be recorded as a contribution (nonreciprocal transaction) or as an exchange (reciprocal transaction). The standard also provides expanded guidance on determining whether or not a contribution is conditional. The Foundation's revenue recognition policies were not impacted by this standard.

Also during 2020, the Foundation adopted ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*. The standard addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The Foundation has implemented this guidance on a modified retrospective basis to all periods presented as permitted under the ASU. There was no material impact to the financial statements presented upon adoption of this standard.

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 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, to be cash equivalents. Included in cash and cash equivalents is \$297,721 and \$1,102,291 at June 30, 2020 and 2019, respectively, of funds restricted by donors for capital expenditures. Included in these amounts are \$250,175 and \$997,903 of certificates of deposit.

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 substantially 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 and changes in net assets 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, 2020 and 2019.

Investments

Investments are stated at fair value and the realized and unrealized gains and losses are reflected in the statements of activities and changes in net assets. 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 \$20,186 and \$17,766 of investment fees for the years ended June 30, 2020 and 2019, 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.

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 14, 2020, which is the date the financial statements were available to be issued.

2. Investments

Investments consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Corporate bonds	\$ 421,914	484,623
Common stocks	1,466,790	1,360,386
Mutual funds - REITs	-	109,338
Mutual funds - Fixed income	389,994	160,274
Mutual funds - Equities	<u>192,275</u>	<u>151,475</u>
Total investments	<u>\$ 2,470,973</u>	<u>2,266,096</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:

Equity securities	61%
Fixed income	30%
Cash and cash equivalents	9%

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.

The extent of the impact of the COVID-19 pandemic on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. In addition to the potential impact to the fair value of investments noted above, the pandemic has affected certain donors. The extent to which the pandemic may further impact the Foundation's financial condition or results of operations is uncertain at this time.

4. Pledges Receivable

As of June 30, 2020 and 2019, contributors to the Foundation have outstanding unconditional pledges totaling \$7,677 and \$5,910, 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 due within one year and are considered to be fully collectible.

5. Fair Value Measurements

GAAP requires certain assets and liabilities be reported at fair value in the financial statements and provide 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, 2020 and 2019 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, 2020 and 2019, there were no transfers between levels of the fair value hierarchy.

Assets Measured at Fair Value on a Recurring Basis at June 30, 2020

	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, 2020
Fixed income - Domestic (1)	\$ 389,994	421,914	-	811,908
Equities - Domestic	<u>1,659,065</u>	<u>-</u>	<u>-</u>	<u>1,659,065</u>
	<u>\$ 2,049,059</u>	<u>421,914</u>	<u>-</u>	<u>2,470,973</u>

Assets Measured at Fair Value on a Recurring Basis at June 30, 2019

	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, 2019
Fixed income - Domestic (1)	\$ 160,274	484,623	-	644,897
Equities - Domestic	1,511,861	-	-	1,511,861
Equities - REITs	<u>109,338</u>	<u>-</u>	<u>-</u>	<u>109,338</u>
	<u>\$ 1,781,473</u>	<u>484,623</u>	<u>-</u>	<u>2,266,096</u>

(1) The fair value of certain fixed-income securities at June 30, 2020 and 2019 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:

	2020	2019
Time/purpose restriction		
Scholarship	\$ 1,123,444	1,009,911
Capital	297,721	1,102,291
Pledges	<u>7,677</u>	<u>5,910</u>
	1,428,842	2,118,112
Perpetually restricted		
Scholarship	<u>211,759</u>	<u>211,759</u>
Total net assets with donor restrictions	<u>\$ 1,640,601</u>	<u>2,329,871</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 of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

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 was deemed prudent by the Foundation's Board of Directors. There were no funds with deficiencies at June 30, 2020 and 2019.

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.

The endowment fund activity for the years ended June 30, 2020 and 2019 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 1, 2019	\$ 1,292,526	1,221,670	2,514,196
Investment income:			
Investment income, less fees	64,242	4,956	69,198
Net depreciation	(15,784)	(1,276)	(17,060)
Cash received from pledges or contributions	175,069	258,477	433,546
Appropriations of assets for expenditure	<u>(148,521)</u>	<u>(148,624)</u>	<u>(297,145)</u>
Endowment net assets, June 30, 2020	\$ <u>1,367,532</u>	<u>1,335,203</u>	<u>2,702,735</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 1, 2018	\$ 1,218,298	972,739	2,191,037
Investment income:			
Investment income, less fees	58,186	4,910	63,096
Net appreciation	159,095	11,454	170,549
Cash received from pledges or contributions	67,892	315,874	383,766
Appropriations of assets for expenditure	<u>(210,945)</u>	<u>(83,307)</u>	<u>(294,252)</u>
Endowment net assets, June 30, 2019	\$ <u>1,292,526</u>	<u>1,221,670</u>	<u>2,514,196</u>

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, 2020 and 2019, the Foundation reimbursed the College for \$19,940 and \$19,753, respectively, of salaries expense paid by the College on the Foundation's behalf. The Foundation provided \$1,009,345 and \$1,456,587 in grants to the College during the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, the Foundation had accounts payable to the College of \$236,855 and \$92,763, 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>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 587,228	1,420,763
Investments	2,470,973	2,266,096
Receivables	<u>11,392</u>	<u>11,388</u>
Financial assets available at year-end	3,069,593	3,698,247
Less those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>1,640,601</u>	<u>2,329,871</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,428,992</u>	<u>1,368,376</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 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., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, 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 14, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 Edison Foundation, Inc.'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 Edison Foundation, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 14, 2020



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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 11/19/2020

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov