THE EDISON FOUNDATION, INC.
Piqua, Ohio

FINANCIAL STATEMENTS
June 30, 2009 and 2008

Mary Taylor, CPA
Auditor of State

Board of Directors
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, 2008 through June 30, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 10, 2009

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THE EDISON FOUNDATION, INC.
Piqua, Ohio

FINANCIAL STATEMENTS
June 30, 2009 and 2008

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Crowe Horwath LLP
Member Crowe 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"), a component unit of Edison State Community College, as of June 30, 2009 and 2008, 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. Our responsibility is to express opinions 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 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, 2009 and 2008, 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 16, 2009 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 16, 2009

THE EDISON FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 2,098,693	$ 1,428,625
Receivable		
Pledges	1,264,291	1,824,821
Interest and dividends	6,632	9,972
Investments	870,891	1,850,253
Total assets	$ 4,240,507	$ 5,113,671
LIABILITIES AND NET ASSETS		
Liabilities		
Payable to Edison State Community College	$ 21,016	$ 42,121
Grants and other payables	100,000	100,000
Total liabilities	121,016	142,121
Net assets		
Unrestricted	812,164	1,184,631
Temporarily restricted	3,213,445	3,721,074
Permanently restricted	93,882	65,845
Total net assets	4,119,491	4,971,550
Total liabilities and net assets	$ 4,240,507	$ 5,113,671

See accompanying notes to financial statements.

THE EDISON FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Year ended June 30, 2009 with comparative 2008 totals

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009	Total 2008
Revenues and other support					
Gifts and grants	$ 1,405	$ 175,644	$ 28,037	$ 205,086	$ 226,700
Capital campaign	-	26,184	-	26,184	423,391
Investment earnings					
Interest and dividends	69,909	14,345	-	84,254	147,181
Net realized and unrealized gains (losses)	(323,769)	(108,327)	-	(432,096)	(223,189)
Net assets released from restrictions	615,475	(615,475)	-	-	-
Total revenues and other support	363,020	(507,629)	28,037	(116,572)	574,083
Expenses					
College scholarships awarded	118,572	-	-	118,572	113,624
Holiday evening event	98,396	-	-	98,396	123,144
Capital campaign	40,790	-	-	40,790	53,022
Debt service for College	374,408	-	-	374,408	309,708
Salary	35,000	-	-	35,000	35,000
Bad debt	5,290	-	-	5,290	3,500
Graduate Academy	14,976	-	-	14,976	6,797
Investment advisory fee	22,712	-	-	22,712	15,595
Miscellaneous	25,343	-	-	25,343	9,177
Total expenses	735,487	-	-	735,487	669,567
Change in net assets	(372,467)	(507,629)	28,037	(852,059)	(95,484)
Net assets at beginning of year	1,184,631	3,721,074	65,845	4,971,550	5,067,034
Net assets at end of year	$ 812,164	$ 3,213,445	$ 93,882	$ 4,119,491	$ 4,971,550

See accompanying notes to financial statements.

THE EDISON FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Year ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
Gifts and grants	$ 7,058	$ 219,642	$ -	$ 226,700
Capital campaign	-	423,391	-	423,391
Investment earnings				
Interest and dividends	121,943	25,238	-	147,181
Net realized and unrealized gains	(162,864)	(53,288)	(7,037)	(223,189)
Net assets released from restrictions	630,908	(630,908)	-	-
Total revenues and other support	597,045	(15,925)	(7,037)	574,083
Expenses				
College scholarships awarded	113,624	-	-	113,624
Holiday evening event	123,144	-	-	123,144
Capital campaign	53,022	-	-	53,022
Debt service for College	309,708	-	-	309,708
Salary	35,000	-	-	35,000
Bad debt	3,500	-	-	3,500
Graduate Academy	6,797	-	-	6,797
Investment advisory fee	15,595	-	-	15,595
Miscellaneous	9,177	-	-	9,177
Total expenses	669,567	-	-	669,567
Change in net assets	(72,522)	(15,925)	(7,037)	(95,484)
Net assets at beginning of year	1,257,153	3,736,999	72,882	5,067,034
Net assets at end of year	$ 1,184,631	$ 3,721,074	$ 65,845	$ 4,971,550

See accompanying notes to financial statements.

THE EDISON FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Change in net assets	$ (852,059)	$ (95,484)
Adjustments to reconcile change in net assets to net cash from operating activities		
Restricted gifts and grants	(28,037)	-
Net realized and unrealized (gains) losses	432,096	223,189
Change in other assets and liabilities		
Pledges receivable	560,530	526,961
Interest and dividends receivable	3,340	3,772
Accounts payable	(21,105)	15,057
Net cash from operating activities	94,765	673,495
Cash flows from investing activities		
Cash paid for investments	(609,205)	(638,246)
Cash received from sale of investments	1,156,471	593,065
Net cash from investing activities	547,266	(45,181)
Cash flows from financing activities		
Restricted gifts and grants	28,037	-
Increase in cash and cash equivalents	670,068	628,314
Cash and cash equivalents, beginning of year	1,428,625	800,311
Cash and cash equivalents, end of year	$ 2,098,693	$ 1,428,625

See accompanying notes to financial statements.

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. Generally, these donor restrictions limit the use of these net assets to scholarships and other College programs.

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 and realized and unrealized gains and losses are reflected in the statement of activities. Fair value is determined by market quotations. Donated investments are recorded at fair value at the time received.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Earnings: Interest and dividends from endowment investments are credited to temporarily restricted funds and spent in compliance with donor stipulations and the Foundation's spending policy. Interest and dividends from non-endowment investments are credited to the unrestricted fund for expenditure at the discretion of the Foundation's board of trustees. Realized gains or losses are determined based on the average cost method.

Net Assets Released from 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

Adoption of New Accounting Standards: In 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, provides enhanced guidance for using fair value to measure assets and liabilities under current U.S. GAAP standards and expands the disclosure of the methods used and the effect of fair value measurements on earnings. The Standard is effective for financial statements issued for fiscal years beginning after November 15, 2007. Accordingly, the Foundation adopted applicable portions of this standard for the year ended June 30, 2009. Additional disclosure is provided in Note 5.

In addition, the Foundation adopted FASB Staff Position ("FSP") 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and Enhanced Disclosure for all Endowment Funds*. FSP 117-1 provides guidance on the net asset classification of donor restricted endowment funds for organizations subject to an enacted version of UPMIFA. The pronouncement also requires additional disclosures for an entity's endowments. These additional disclosures are provided in Note 3.

Income Taxes: FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), issued July 2006, was effective as of January 1, 2007. The Foundation has elected to defer adoption of FIN 48, in accordance with the provisions of FASB Staff Position No. FIN 48-3, which permits certain nonpublic enterprises to delay adoption until fiscal years beginning after December 15, 2008. Currently, the Foundation accounts for contingencies associated with uncertain tax positions in accordance with SFAS No.5, *Accounting for Contingencies*, which provides the recording of a contingency based on the probability of certain events to transpire that range from probable to remote.

Reclassifications: Certain amounts previously reported in the 2008 financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no impact on the change in net assets or total net assets

(Continued)

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 76% of gifts and grants for the year ended June 30, 2009, while five donors accounted for 71% of gifts and grants for the year ended June 30, 2008.

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

	June 30, 2009			June 30, 2008		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
Unrestricted	$ 15,519	$ -	$ -	$ 53,070	$ -	$ -
Savings	9,296	15,235	-	9,296	992	-
Capital	473,253	2,403,939	-	566,082	2,779,513	-
Scholarship	314,096	794,271	93,882	556,183	940,569	65,845
	$ 812,164	$ 3,213,445	$ 93,882	$ 1,184,631	$ 3,721,074	$ 65,845

The Foundation's only endowment consists of donor-restricted endowment funds invested in portfolios held by Fifth Third. As required by applicable standards are classified and reported based on the existence or absence of donor-imposed restrictions.

(Continued)

NOTE 3 - CLASSIFICATION OF NET ASSETS (Continued)

Endowment net asset composition by type of fund as of June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor restricted endowment funds	$ 173,942	717,678	93,882	985,502
Totals	$ 173,942	$ 717,678	$ 93,882	$ 985,502

Changes in endowment net assets for the year ended June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Endowment net assets, beginning of year	$ 354,502	$ 861,308	$ 65,845	$ 1,281,655
Investment return				
Investment income (net)	19,854	14,330	-	34,184
Net appreciation (depreciation)	(150,414)	(108,327)	-	(258,741)
Total investment return	(130,560)	(93,997)	-	(224,557)
Contributions	-	367	28,037	28,404
Appropriation of assets for expenditure	(50,000)	(50,000)	-	(100,000)
Endowment net assets, end of year	$ 173,942	$ 717,678	$ 93,882	$ 985,502

Interpretation of UPMIFA: On June 1, 2009, the State of Ohio's version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") became effective for all non-profit, charitable organizations including the Foundation. The Foundation has interpreted 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.

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. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. Endowment fund principal, unless otherwise directed by the originating donor(s), shall not be disbursed for any reason.

(Continued)

NOTE 4 – INVESTMENTS

Fair value of investments by major types for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Equity funds	$ 337,753	$ 612,495
Bond funds	533,138	1,237,758
	$ 870,891	$ 1,850,253

Net realized gains (losses) on sale of investments were $(314,800) and $2,216 and capital gains distributions were $0 and $4,127 for the years ended June 30, 2009 and 2008, respectively.

The investments in mutual funds 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.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* ("SFAS No. 157"), defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market participants on the measurement date.

Statement 157 establishes a fair market value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

(Continued)

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

In many cases a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The investments of the Foundation consists of mutual funds that are publicly traded. The fair values of these securities are determined based on quoted prices in active markets. As such, significant fair value inputs can generally be verified and do not involve significant management judgment (Level 1 inputs).

NOTE 6 – PLEDGES RECEIVABLE

As of June 30, 2009 and 2008, contributors to the Foundation have outstanding unconditional pledges totaling $1,586,020 and $2,185,777, respectively. Gross pledges receivable have been discounted to a net present value of $1,360,291 and $1,920,821 as of June 30, 2009 and 2008, respectively, which represents fair market value. The discount rate was 5% for 2009 and 2008. An allowance for doubtful pledges of $96,000 has been applied to the gross receivable balance as of June 30, 2009 and 2008. 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:

	2009	2008
Less than one year	$ 520,909	$ 585,411
One to five years	839,382	1,335,410
Total	$ 1,360,291	$1,920,821

NOTE 7 – 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.

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NOTE 8 – RELATED PARTY

Most of the Foundation’s expenses are processed by the College. The Foundation reimburses the College monthly for those checks written on its behalf. At June 30, 2009 and 2008, the balance owed to the College was $21,016 and $42,121, respectively

NOTE 9 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to June 30, 2009 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2009. Management has performed their analysis through the date of this report.

SUPPLEMENTAL SCHEDULE

Crowe Horwath LLP
Member Crowe Horwath International

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, 2009, 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.

(Continued)

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 16, 2009.

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

Crowe Horwath LLP

Columbus, Ohio
October 16, 2009

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 1, 2009

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