

**SCIENCE AND TECHNOLOGY
CAMPUS CORPORATION**

FINANCIAL REPORT

JUNE 30, 2005 AND 2004



**Auditor of State
Betty Montgomery**

Board of Directors
Science & Technology Campus Corporation
1381 Kinnear Road, Suite 218
Columbus, Ohio 43212

We have reviewed the *Independent Auditors' Report* of the Science & Technology Campus Corporation, Franklin County, prepared by Hausser + Taylor LLC, 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 Science & Technology Campus Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 27, 2006

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SCIENCE AND TECHNOLOGY CAMPUS CORPORATION

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To the Board of Directors
Science and Technology Campus Corporation
(An Ohio Not-for-Profit Corporation)

Independent Auditors' Report

We have audited the accompanying statement of financial position of Science and Technology Campus Corporation (an Ohio not-for-profit corporation) (the Corporation) as of June 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Science and Technology Campus Corporation, as of June 30, 2004, were audited by other auditors whose report dated October 11, 2004 expressed an unqualified opinion on those statements.

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 Controller 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 accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Science and Technology Campus Corporation as of June 30, 2005, and the results of its activities and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with Government Auditing Standards, we have also issued our report, dated September 30, 2005, on our consideration of Science and Technology Campus Corporation's internal control over financial reporting and our tests of its compliance with certain provision 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 considered in assessing the results of our audit.

Columbus, Ohio
September 30, 2005

Hausser + Taylor LLC

SCIENCE AND TECHNOLOGY CAMPUS CORPORATION
(AN OHIO NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF FINANCIAL POSITION

June 30, 2005 and 2004

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 582,022	\$ 708,403
Short-term investments	307,925	204,600
Assets limited as to use (Note 2)	131,778	128,056
Accounts receivable (less allowance for doubtful accounts of \$19,252 and \$21,247, respectively)	57,621	77,343
Prepaid expenses	57,353	3,446
Total current assets	<u>1,136,699</u>	<u>1,121,848</u>
PROPERTY AND EQUIPMENT		
Leasehold estate (Note 2)	12,370,000	12,370,000
Buildings	15,929,273	14,880,338
Equipment	236,618	231,253
Construction in process	3,793,807	4,162,479
	<u>32,329,698</u>	<u>31,644,070</u>
Less accumulated amortization and depreciation	<u>(3,690,880)</u>	<u>(2,921,628)</u>
	<u>28,638,818</u>	<u>28,722,442</u>
OTHER ASSETS		
Investments in start-up companies (less allowances for impairment of \$245,119 and \$75,000, respectively)	1,048,191	1,029,739
Other assets	172,804	269,274
	<u>1,220,995</u>	<u>1,299,013</u>
Total assets	<u>\$ 30,996,512</u>	<u>\$ 31,143,303</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of notes payable and long-term debt	\$ 735,829	\$ 730,829
Current portion of leasehold obligations	516,713	461,509
Accounts payable	193,337	428,670
Accrued liabilities	262,976	161,752
Accrued interest	349,277	113,258
Fair value of interest rate swap (Note 6)	103,514	194,795
	<u>2,161,646</u>	<u>2,090,813</u>
LONG-TERM LIABILITIES		
Notes payable and long-term debt (Notes 3 and 5)	17,661,449	17,053,532
Leasehold obligation (Note 3)	1,930,032	2,471,828
	<u>19,591,481</u>	<u>19,525,360</u>
NET ASSETS		
Unrestricted	<u>9,243,385</u>	<u>9,527,130</u>
Total liabilities and net assets	<u>\$ 30,996,512</u>	<u>\$ 31,143,303</u>

The accompanying notes are an integral part of these financial statements.

SCIENCE AND TECHNOLOGY CAMPUS CORPORATION
(AN OHIO NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
REVENUES		
Rental income (Note 3)	\$ 2,888,316	\$ 2,735,024
Contributions	362,891	397,446
Interest income	4,587	7,588
Grants	199,625	296,511
Other income	107,885	7,400
Total revenues	<u>3,563,304</u>	<u>3,443,969</u>
RENTAL OPERATING EXPENSES		
Interest expense	927,745	782,676
Utilities	526,231	488,876
Repairs and maintenance	297,380	294,535
Depreciation	459,255	470,135
Amortization	309,996	309,996
Management fees (Note 3)	118,116	105,901
Other	185,517	230,760
Total rental operating expenses	<u>2,824,240</u>	<u>2,682,879</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and related expenses	474,599	1,005,420
Consulting	83,979	85,419
Legal	29,531	37,172
Insurance	23,839	44,515
Accounting	74,792	58,943
Marketing and advertising	5,070	16,932
Project development costs	32,503	18,701
Telecommunications	7,949	30,091
Travel, meals and meetings	28,605	60,826
Bad debt expense	-	38,172
Impairment of investments in start-up companies (Note 2)	170,119	-
Change in fair value of interest rate swap (Note 6)	(91,381)	(154,641)
Other	183,204	148,369
Total general and administrative expenses	<u>1,022,809</u>	<u>1,389,919</u>
Total expenses	<u>3,847,049</u>	<u>4,072,798</u>
EXCESS OF EXPENSES OVER REVENUE	(283,745)	(628,829)
NET ASSETS - unrestricted at beginning of year	<u>9,527,130</u>	<u>10,155,959</u>
NET ASSETS - unrestricted at the end of year	<u>\$ 9,243,385</u>	<u>\$ 9,527,130</u>

The accompanying notes are an integral part of these financial statements.

SCIENCE AND TECHNOLOGY CAMPUS CORPORATION
(AN OHIO NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (283,745)	\$ (628,829)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization and depreciation	769,251	780,131
Impairment change on investments in the start-up companies	170,119	-
Change in fair value of interest rate swap	(91,381)	(154,641)
Decrease in allowance for doubtful accounts	(1,995)	(18,269)
(Increase) decrease in current assets:		
Short term investments	(103,325)	(4,600)
Accounts receivable	21,717	74,412
Receivable from the State of Ohio	-	251,401
Prepaid expenses	(53,907)	24,627
Other assets	96,470	(117,355)
Increase (decrease) in current liabilities:		
Accounts payable	(235,333)	226,097
Accrued liabilities and interest	337,243	(29,584)
Total adjustments	<u>908,859</u>	<u>1,032,219</u>
Net cash provided by operating activities	<u>625,114</u>	<u>403,390</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in assets limited as to use	(3,722)	12,419
Increase in investments in start-up companies	(188,571)	(283,001)
(Increase) decrease in construction in process	368,672	(3,901,379)
Additions to buildings	<u>(1,054,199)</u>	<u>(433,917)</u>
Net cash used in investing activities	<u>(877,820)</u>	<u>(4,605,878)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in leasehold obligation	(486,592)	(461,509)
Principal reduction in notes payable and long-term debt	(367,795)	(354,765)
Proceeds from notes payable and long term-debt	<u>980,712</u>	<u>5,067,275</u>
Net cash provided by financing activities	<u>126,325</u>	<u>4,251,001</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (126,381)	 48,513
 CASH AND CASH EQUIVALENTS - Beginning of year	 <u>708,403</u>	 <u>659,890</u>
 CASH AND CASH EQUIVALENTS - End of year	 <u>\$ 582,022</u>	 <u>\$ 708,403</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the years for interest	<u>\$ 691,726</u>	<u>\$ 774,128</u>

The accompanying notes are an integral part of these financial statements.

SCIENCE AND TECHNOLOGY CAMPUS CORPORATION
(AN OHIO NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Presentation

The Science and Technology Campus Corporation (an Ohio Not-for-Profit Corporation), (the "Corporation"), was formed on March 1, 1996 to further develop the Science and Technology Campus at The Ohio State University (the University).

The Corporation's sources of funding include rental income and contributions received under agreements with the University, the State of Ohio Department of Development and the City of Columbus Department of Trade and Development. The Corporation is constructing facilities on leased properties for the purpose of developing the Science and Technology Campus.

The Corporation reports contributions as unrestricted support unless explicit donor stipulations specify how the donated cash must be used. Where stipulations have been made and they have been satisfied in the same reporting period then the contribution is reported as unrestricted.

Note 2. Summary of Significant Accounting Policies

- A. Rental Income - Rents are recognized in the period earned. Any prepaid rents are deferred to the period benefited.
- B. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- C. Cash Equivalents - The Corporation considers temporary investments purchased with an initial maturity of three months or less to be cash equivalents for the statements of financial position and for purposes of preparing the statements of cash flows.
- D. Short-term Investments - The Corporation considers temporary investments purchased with an initial maturity of four to twelve months to be short-term investments for the statements of financial position and for purposes of preparing the statements of cash flows. As of June 30, 2005 and 2004, the balance consisted of money market funds.
- E. Assets Limited as to Use - The Corporation considers assets that have been designated by contract or internally designated for a specific purpose to be limited as to use and are recorded at market value. Assets limited as to use consisted of \$131,778 and \$128,056 as of June 30, 2005 and 2004, respectively. The Corporation maintains these funds in a money market account that will be drawn upon to make the principal payments on the Adjustable Rate Taxable Securities, Series 2001 on the first day of November of each year (See Note 5). The Corporation deposits funds into this account on a monthly basis so that the required principal payment amount is available on the due date. The money market fund earns interest at a variable rate.

**SCIENCE AND TECHNOLOGY CAMPUS CORPORATION
(AN OHIO NOT-FOR-PROFIT CORPORATION)**

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

- F. Concentration of Credit Risk - The Corporation's cash balances, which are in excess of federally insured levels, are maintained at large regional financial institutions. The Corporation continually monitors its balances to minimize the risk of loss for these balances.
- G. Investments in Start-up Companies - The Corporation invests in closely held, start-up companies and other ventures. These investments are typically in the form of convertible promissory notes and are accounted for at cost, which approximates fair value. The Corporation reviews its investments for impairment at least annually. Due to the start-up nature of the companies that the Corporation invests in, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The activity in the reserve for impairment account was as follows:

	Year ended June 30	
	<u>2005</u>	<u>2004</u>
Beginning balance	\$ 75,000	\$ 90,000
Provision for impairment	170,119	113,511
Write-offs	-	(128,511)
	<u> </u>	<u> </u>
Ending balance	<u>\$ 245,119</u>	<u>\$ 75,000</u>

- H. Leasehold Estate - Leasehold estate is recorded at its estimated fair market value at original acquisition and amortized using the straight-line method based on the assets' estimated useful life of forty years.
- I. Property and Equipment - Property and equipment are recorded at cost and depreciated over their estimated useful life using the straight-line method. Estimated useful lives range from three to thirty-six years.

Major additions and betterments are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

- J. Grants - The Corporation receives grants from various City of Columbus and State of Ohio funding sources. Funds received from these grants are used to invest in start-up companies (See "Investments" above) and for operating expenses. These funds are only available on a reimbursement basis and the restrictions must be satisfied prior to applying for funding. The Corporation also receives matching contributions from various corporate or individual sponsors. These contributions have no donor-imposed restrictions.

SCIENCE AND TECHNOLOGY CAMPUS CORPORATION
(AN OHIO NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

Note 3. Related Party Transactions

Rental Income

The Corporation subleases certain property to affiliates of the University. For the years ended June 30, 2005 and 2004, rental income from affiliates amounted to \$1,859,602 and \$1,803,418, respectively. The following is a schedule by year of minimum future gross rental income on non-cancelable operating leases as of June 30, 2005:

Year Ending June 30:	
2006	\$ 2,196,711
2007	1,770,493
2008	1,814,595
2009	1,756,205
2010	<u>1,584,578</u>
Total minimum future rentals	\$ <u>9,122,582</u>

Operating Support

The Corporation received \$300,000 in operating support from the University during each of the fiscal years ended June 30, 2005 and 2004. These funds, while reflected as cash contributions, have no specific restrictions attached and are used for normal operating expenses. These funds are provided to the Corporation pursuant to an agreement (the Development Agreement), which specifies that the University will continue to support the Corporation with these funds on an annual basis. The term of the operating support provided by the Development Agreement has been extended through the fiscal year ended June 30, 2006.

Joint Use Agreement

The Corporation entered a Joint Use Agreement with the University whereby the University has utilized an appropriation of \$4 million from a State of Ohio Capital Funding Allocation to fund the construction and development of certain properties under lease by the Corporation. The terms of the agreement include a provision for the State of Ohio to recapture a portion of funding over a fifteen-year period in an event of default. The Corporation has assessed the possibility of default as remote and accordingly the accompanying financial statements do not include any accrued liabilities related to this contingency. There were no related party contributions or other activity in fiscal years 2005 or 2004 representing University funding from the joint use agreement.

**SCIENCE AND TECHNOLOGY CAMPUS CORPORATION
(AN OHIO NOT-FOR-PROFIT CORPORATION)**

NOTES TO FINANCIAL STATEMENTS

Note 3. Related Party Transactions (Continued)

Leasehold Obligations

Leasehold agreements require the Corporation to pay all costs of leased properties including operating costs, maintenance, renovation, and assessments. Leasehold obligations are due to the University and require aggregate monthly payments of \$54,016 with maturity dates ranging from December 2007 to October 2010 interest rates are fixed at a rate of 5.61%.

Future minimum lease payments for the next five fiscal years and thereafter are as follows:

2006	\$	648,193
2007		648,193
2008		530,355
2009		419,153
2010		<u>558,870</u>
Total minimum lease payments		2,804,764
Less amounts representing interest		<u>358,019</u>
Present value of leasehold obligation	\$	<u><u>2,446,745</u></u>

Properties under leasehold obligations are included in the accompanying statements of financial positions at June 30:

	<u>2005</u>	<u>2004</u>
Leasehold estate	\$ 12,370,000	\$ 12,370,000
Less accumulated amortization	<u>2,168,484</u>	<u>1,858,488</u>
Ending balance	<u>\$ 10,201,516</u>	<u>\$ 10,511,512</u>

Amortization of properties under leasehold obligations was \$309,966 for 2005 and 2004.

Notes Payable

The University has authorized up to \$21 million in construction financing for development at the Science and Technology Campus provided certain criteria are met. As of June 30, 2005 and 2004, the Corporation had drawn \$13,941,529 and \$13,108,612, respectively, of the available funds.

**SCIENCE AND TECHNOLOGY CAMPUS CORPORATION
(AN OHIO NOT-FOR-PROFIT CORPORATION)**

NOTES TO FINANCIAL STATEMENTS

Note 3. Related Party Transactions (Continued)

Notes Payable (Continued)

The Corporation signed a reimbursement agreement with the University on November 1, 2002, relating to \$7 million of the payable balance. Under the terms of the agreement, interest accrues from November 1, 2002 and is calculated on a variable basis based on the actual interest rate on 25-year municipal securities. The interest rate as of June 30, 2005 and 2004 was approximately 5.4%. For the years ended June 30, 2005 and 2004, \$362,537 and \$370,315, respectively, of interest was paid in cash. None of the interest on this obligation was capitalized during the years ended June 30, 2005 and 2004. Outstanding debt and accrued interest are payable to the University on a monthly basis through the maturity date of January 2024. As of June 30, 2005 and 2004, the outstanding balance on the notes was \$6,633,153 and \$6,780,948, respectively.

As of June 30, 2005 and 2004, the Corporation had drawn an additional \$7,308,376 and \$6,327,664, respectively, of the total available funds for which it has not entered into a reimbursement agreement with the University. For the year ended June 30, 2005, the Corporation accrued interest on the borrowings, at a variable interest rate, ranging from 2.49% to 3.74%, at the direction of the University, totaling \$349,277 (\$13,257 of which was capitalized). For the year ended June 30, 2004, the Corporation accrued interest on the borrowings, at a rate of 2.26% at the direction of the University, totaling \$113,258 (\$46,451 of which was capitalized). None of the principal amount of these borrowings had been repaid as of June 30, 2005 or 2004.

Pass-through Funding

The Corporation acts as a pass-through entity from time to time. The Corporation has an agreement with the University to manage construction of various projects. The agreement provides \$9 million in pass through funding for construction costs. In accordance with the agreement, the Corporation does not recognize any revenue or capitalize construction costs related to this project. As of June 30, 2005 and 2004, all construction expenditures related to these projects had been reimbursed by the University.

Note 4. Defined Contribution Retirement Plan

The Corporation sponsors a defined contribution retirement plan under the guidelines of Section 401(a) of the Internal Revenue Code. Contributions to the plan are based on a rate of 7.25% of compensation, plus 5.7% of compensation in excess of the Social Security Wage Base subject to Internal Revenue Code compensation limits. Full time employees are immediately eligible and 100% vested. For the years ended June 30, 2005 and 2004, the Corporation incurred retirement expense of \$30,587 and \$82,722, respectively.

SCIENCE AND TECHNOLOGY CAMPUS CORPORATION
(AN OHIO NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

Note 5. Long-term Debt

In October 2001, the Corporation issued \$5.1 million in Adjustable Rate Taxable Securities, Series 2001 (the Project Notes). The proceeds of the Project Notes have been used to finance construction costs. The Project Notes have a variable interest rate. The interest rate was 3.34% and 1.32% as of June 30, 2005 and 2004, respectively. In addition, the Project Notes contain certain financial covenants, of which the Corporation was in compliance with at June 30, 2005 and 2004.

The owners of the Project Notes have the option to demand redemption of their outstanding Notes at dates defined in the agreement. The Corporation has entered into a remarketing agreement, which requires the remarketing agent to utilize its best efforts to remarket any such bonds that may be tendered for payment. If the proceeds to the remarketing agent are not sufficient to purchase the project Notes tendered, the Trustee is required to draw on an irrevocable letter of credit to pay the necessary purchase price. The letter of credit expires November 15, 2006.

For the years ended June 30, 2005 and 2004, the Corporation incurred interest costs relating to this note of \$248,761 and \$217,129, respectively. None of the interest on this obligation was capitalized during the years ended June 30, 2005 and 2004. As of June 30, 2005 and 2004, the Corporation had repaid \$645,000 and \$425,000, respectively, of the principal due on the note. In addition, the Corporation had designated funds in a money market account for the repayment of principal in the amount of \$131,778 and \$128,056 as of June 30, 2005 and 2004, respectively (See Note 2). Principal payments for the next five fiscal years and thereafter are as follows:

2006	\$ 225,000
2007	230,000
2008	240,000
2009	245,000
2010	250,000
Thereafter	<u>3,265,749</u>
Total principal payments	\$ <u><u>4,455,749</u></u>

SCIENCE AND TECHNOLOGY CAMPUS CORPORATION
(AN OHIO NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

Note 6. Interest Rate Swap Agreement

In December 2001, the Corporation entered into an interest rate swap agreement with a bank as a hedge against the interest rate risk associated with borrowing at a variable rate. The Corporation's objective is to eliminate the variability of cash flows in interest payments for a portion of its variable rate debt. The Swap agreement has a notional amount of \$2,620,740 and \$2,750,100 as of June 30, 2005 and 2004, respectively, and effectively locked a portion of the Corporation's variable rate note at fixed rates of 4.30% for the period from February 1, 2002 to December 1, 2003, 5.85% for the period from December 1, 2003 to December 1, 2005, and 6.90% for the period from December 1, 2005 to December 20, 2006. The swap agreement is in effect for a period of five years ending in December 2006. The Corporation does not use derivative financial instruments for speculative purposes.

As of June 30, 2005 and 2004, the fair value of the swap agreement, based on current settlement prices, was a liability of \$103,514 and \$194,795, respectively. In accordance with the provisions of Statement of Financial Accounting Standards No. 133, the change in the fair value of the interest rate swap agreement has been recognized in the statement of activities.

Note 7. Federal Income Taxes

The Internal Revenue Service has ruled that the Corporation is a tax-exempt organization as defined under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for federal income taxes has been reflected in the financial statements.

**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
Science and Technology Campus Corporation
(An Ohio Not-for-Profit Corporation)

We have audited the financial statements of Science and Technology Campus Corporation (an Ohio Not-for-Profit Corporation) as of and for the year ended June 30, 2005, and have issued our report thereon dated September 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Science & Technology Campus Corporation'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Science & Technology Campus Corporation'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, management and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Columbus, Ohio
September 30, 2005

Hausser + Taylor LLC



**Auditor of State
Betty Montgomery**

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SCIENCE AND TECHNOLOGY CAMPUS CORPORATION

FRANKLIN 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
APRIL 6, 2006**