Campus Partners For Community Urban Redevelopment and Subsidiaries

Consolidated Financial Statements as of and for the Years Ended June 30, 2007 and 2006, Supplemental Information as of and for the Year Ended June 30, 2007, and Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

Board of Trustees
Campus Partners for Community Urban Redevelopment and subsidiaries
2040 Blankenship Hall
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Columbus, Ohio 43210-4016

We have reviewed the *Independent Auditors' Report* of the Campus Partners for Community Urban Redevelopment and subsidiaries, Franklin County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2006 through June 30, 2007. 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 Campus Partners for Community Urban Redevelopment and subsidiaries is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 2, 2008

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CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Campus Partners For Community Urban Redevelopment:

We have audited the accompanying consolidated statements of net assets of Campus Partners For Community Urban Redevelopment and Subsidiaries ("Campus Partners"), a component unit of The Ohio State University, and its discretely presented component unit as of June 30, 2007 and 2006, and the related consolidated statements of revenues, expenses, and changes in net assets and of cash flows, where applicable, for the years then ended. These consolidated financial statements are the responsibility of Campus Partners' management. Our responsibility is to express an opinion on these consolidated 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 respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Campus Partners' 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 consolidated financial statements present fairly, in all material respects, the respective financial position of Campus Partners and its discretely presented component unit as of June 30, 2007 and 2006, and changes in their net assets and their cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the consolidated financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of Campus Partners' management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information, and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on Campus Partners' 2007 consolidated financial statements taken as a whole. The consolidating schedules on pages 26 and 27 are presented for the purpose of additional analysis of the 2007 consolidated financial statements, rather than to present the financial position, results of operations, and cash flows of the individual entities, and are not a required part of the consolidated financial statements. These schedules are the responsibility of Campus Partners' management. Such supplemental information has been subjected to the auditing procedures applied in our audit of the 2007 consolidated financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic 2007 consolidated financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2007, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Deloitte & Touche LLP

December 13, 2007

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

The following Management's Discussion and Analysis (MD&A) of Campus Partners For Community Urban Redevelopment and Subsidiaries ("Campus Partners") financial performance provides an introduction to the consolidated financial statements for the fiscal year ended June 30, 2007, with comparative data for fiscal year 2006 and fiscal year 2005. We encourage readers to consider information presented here in conjunction with Campus Partners' consolidated financial statements. This MD&A focuses on the operations of Campus Partners and not its discretely presented component unit, University District Community Development Entity, LLC (UDCDE). Information pertaining to the discretely presented component unit is located in Note 8 to the financial statements. Responsibility for the completeness and fairness of this information rests with Campus Partners' management.

OVERVIEW OF THE BASIC CONSOLIDATED FINANCIAL STATEMENTS

Campus Partners' consolidated financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB). Campus Partners is structured as a not-for-profit community development corporation with revenues recognized when earned and expenses recognized when incurred. Assets are capitalized and are depreciated over their useful lives. See the notes to the consolidated financial statements for a summary of Campus Partners' significant accounting policies.

Following this MD&A are the consolidated financial statements of Campus Partners, together with the notes, which are essential to a full understanding of the data contained in the consolidated financial statements. Campus Partners' consolidated financial statements are designed to provide readers with a broad overview of Campus Partners' finances.

The consolidated statements of net assets present information on all Campus Partners' assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of Campus Partners' financial position.

The consolidated statements of revenues, expenses, and changes in net assets present information which illustrates Campus Partners' net asset changes during the fiscal year ended June 30, 2007. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

The consolidated statements of cash flows relate to the flows of cash and cash equivalents. Consequently, only transactions that affect Campus Partners' cash accounts are recorded in this statement. A reconciliation of cash flows is provided at the bottom of the statement of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

FINANCIAL POSITION

The following represents Campus Partners' financial position as of June 30, 2007, 2006, and 2005:

	2007	2006	2005
Assets:			
Current assets	$ 7,870,101	$ 9,168,184	$ 7,996,068
Net property and equipment	48,325,912	49,772,880	34,628,150
Deferred loan costs and other assets	1,448,982	1,354,070	310,767
Total	$ 57,644,995	$ 60,295,134	$ 42,934,985
Liabilities:			
Current liabilities	$ 3,498,266	$ 3,902,603	$ 16,246,260
Long-term liabilities	63,059,512	60,841,863	20,820,069
Total liabilities	66,557,778	64,744,466	37,066,329
Deficiency in net assets:			
Invested in capital assets — net of related debt	(7,278,457)	(1,080,339)	11,452,859
Restricted net assets	879,535	43,740	1,755,529
Unrestricted net deficiency	(2,513,861)	(3,412,733)	(7,339,732)
Total	$ 57,644,995	$ 60,295,134	$ 42,934,985

During 2007, Campus Partners' net property and equipment decreased $1.4 million due to the transfer of nonretail assets to the Ohio State University (the "University"). Current assets decreased $1.3 million, primarily due to a decrease in cash ($1.9 million) from increased repayments under the ground lease with the University and accounts payable. Additionally, accounts receivable decreased $590 thousand due to a reduction of University receivables for interest on the unused bond balance, as well as reimbursements for the University tenant space income. These decreases were offset by a $1.1 million increase in grants receivable for reimbursements due from the City of Columbus (the "City") for the Columbus Coated Fabrics (CCF) site project. Campus Partners' long-term liabilities increased by $2.2 million during 2007 primarily as a result of tenant improvement costs being financed with debt and as a result of accrued interest on existing debt. During 2007, Campus Partners' net deficit increased by $4.5 million due to a net operating loss of $2.8 million and interest expense and other nonoperating revenues of $1.7 million, as described in the summary of changes in net assets for fiscal year ended June 30, 2007.

During 2006, Campus Partners' net property and equipment increased $15.1 million due to the substantial completion of the construction of these assets. Also, in fiscal year 2006, South Campus Gateway (SCG) issued notes receivables to tenants of the SCG project for the purpose of constructing tenant improvements ($500 thousand). Total debt increased $28.3 million (current portion decreased by $8.2 million) as a result of refinancing, additional funds borrowed to complete the retail assets in SCG, and the acquisition of debt through a capital distribution related to Sun-Long's assets ($3.9 million). Additionally, accounts payable and accrued expenses decreased $4.3 million due to less construction activity and timing of construction draws at June 30, 2006, as compared to June 30, 2005. Other long-term liabilities increased due to an increase in the ground lease payable with the University ($3.4 million). During 2006, Campus Partners' net deficit of $4.4 million resulted from a decrease in net assets of $10.3 million due to an operating loss of $3.7 million, impairment expense, interest expense, and other nonoperating revenues of $1.9 million, and $4.7 million in capital distributions, as described in the summary of changes in net assets for fiscal year ended June 30, 2006.

The following represents Campus Partners' summary of changes in net assets for the fiscal years ended June 30, 2007, 2006, and 2005:

	2007	2006	2005
Operating revenues	$10,406,863	$ 7,494,128	$ 1,212,939
Operating expenses	13,222,370	11,181,477	6,517,603
Net operating loss	(2,815,507)	(3,687,349)	(5,304,664)
Nonoperating (expenses) revenues	(1,744,876)	(1,928,450)	2,125,110
Capital contributions (distributions)	96,932	(4,702,189)	2,964,025
Change in net assets	(4,463,451)	(10,317,988)	(215,529)
Net (deficit) assets — beginning of year	(4,449,332)	5,868,656	6,084,185
Net (deficit) assets — end of year	$ (8,912,783)	$ (4,449,332)	$ 5,868,656

Campus Partners' $10.4 million of operating revenue for the year ended June 30, 2007, resulted primarily from retail and residential rental income generated from real estate holdings in SCG. The increase over 2006 is a result of increased occupancy of the retail, residential, and office properties and a result of a full year of activity versus only 10 months of operating revenue during 2006.

Campus Partners' major operating expenses for the year ended June 30, 2007, included ground lease rent (32.5%), salaries and wages (16.5%), and depreciation and amortization (12%). No other operating expense categories represented more than 10% of the total operating expenses in the current year. The increase in operating expenses is attributable primarily to the increased activity at SCG, an increase in ground rent under the terms of the ground lease between Campus Partners and the University, higher depreciation expense, and nonreimbursable costs incurred in conjunction with the potential acquisition of the CCF site in the University District.

Nonoperating (expenses) revenues for fiscal year 2007 were negative as a result of interest expense ($2.4 million). This cost was partially offset by operational funding support received from the University.

Campus Partners' $7.5 million of operating revenue for the year ended June 30, 2006, resulted primarily from retail and residential rental income generated from real estate holdings in SCG. Operating revenue also includes $1.1 million of fee income from the University for the development of SCG. The increase over 2005 is a result of Campus Partners' development fee income and the first year of SCG's rental operations, which substantially began in August 2005.

Campus Partners' major operating expenses for the year ended June 30, 2006, included ground lease rent (37.2%), salaries and wages (17.3%), and depreciation and amortization (13.6%). No other operating expense categories represented more than 10% of total operating expenses during fiscal 2006. The increase in operating expenses was primarily the result of increases in salaries and wages, depreciation, real estate taxes, and other real estate expenses related to the operations of SCG.

Nonoperating (expenses) revenues for fiscal year 2006 were negative as a result of impairment expense ($2.3 million) and interest expense ($2.2 million). These were offset by funding generated primarily from the University's subsidies for construction and management fee income.

Capital contributions consist of funds provided by the State of Ohio, the City, and the United States Department of Housing and Urban Development (HUD). State and City funds relate to construction of SCG and the CCF site, while HUD funds relate to the restructuring of the Community Properties, Inc. Section 8 housing portfolio. Additionally, there was $3.7 million and $13.1 million in fiscal years 2007 and 2006, respectively, of debt forgiven by the University relating to the capital assets that were transferred to the University during the year. The grant distributions for fiscal year 2007 are attributable to expenses incurred for the CCF site and pass through of a portion of the HUD grant to Community Properties, Inc. Fiscal 2006 grant distributions include expenditures made on behalf of the City for public infrastructure work necessary in conjunction with the SCG project and pass through of a portion of the HUD grant to Community Properties, Inc.

The statements of cash flows present detailed information about the major sources and uses of cash and the resultant change in Campus Partners' cash position under the indirect method. The four categories of presentation and their respective amounts for fiscal years 2007, 2006, and 2005 are as follows:

	2007	2006	2005
Net cash (used in) provided by operating activities	$ (403,061)	$ 261,695	$ (1,445,006)
Net cash used in investing activities	(5,534,543)	(34,995,035)	(54,168,188)
Net cash provided by capital financing activities	3,204,555	36,986,574	53,067,660
Net cash provided by noncapital financing activities	823,978	2,013,379	713,854

SIGNIFICANT EVENTS

During fiscal year 2007, Campus Partners entered into several agreements related to the eventual redevelopment of the CCF site. The CCF site, owned by the City, is a 21-acre former manufacturing facility located in the southeastern portion of the University District. In partnership with the City, which provided $1,850,000 through loan and grant agreements, Campus Partners completed the environmental due diligence of the site. Campus Partners currently has the right to purchase the property from the City under an Economic Development Agreement. Campus Partners is also a party to an agreement with the City to manage the asbestos abatement and demolition of the buildings on the CCF site. Campus Partners and The Wagenbrenner Company partnered with the City to apply for a $3 million Clean Ohio Grant, which will provide funding for the remainder of the environmental remediation required on this site. The application was successful, and the parties expect to enter into a Grant Agreement with the State of Ohio Department of Development for these funds during fiscal year 2008. Once a satisfactory Economic Development Agreement is negotiated with the City, Campus Partners intends to assign all of its rights to acquire and redevelop this site to The Wagenbrenner Company. Included in the 2007 statement of revenues, expenses, and changes in net assets is $1,273,095 of grant money and grant disbursements related to CCF site activity.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF NET ASSETS AS OF JUNE 30, 2007 AND 2006

	2007		2006	
	Primary	UDCDE	Primary	UDCDE
ASSETS				
CURRENT ASSETS:				
Cash	$ 4,027,675	$ 9,076	$ 5,936,746	$ -
Accounts receivable — net of uncollectible allowance of $163,000 in 2007 and $0 in 2006	2,518,896	187,389	3,109,221	37,179
Grants receivable	1,176,434		43,739	
Notes receivable	67,845	200,486	25,000	95,704
Other assets	79,251		53,478	
Total current assets	7,870,101	396,951	9,168,184	132,883
CAPITAL ASSETS — Net of accumulated depreciation	48,325,912		49,772,880	
NOTES RECEIVABLE — Net of current portion	455,000	33,189,543	475,000	33,357,706
INVESTMENT IN UDCDE	140,841		140,841	
DEFERRED LOAN AND LEASE COSTS — Net	853,141		738,229	
TOTAL	$ 57,644,995	$ 33,586,494	$ 60,295,134	$ 33,490,589
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Current portion of loan payable	$ 200,486	$ -	$ 95,704	$ -
Accounts payable	482,116		1,549,231	
Grants payable	361,775		27,254	
Accrued liabilities	2,018,896		1,745,292	
Unearned tenant income	151,799		263,598	
Tenant deposits	283,194		221,524	
Total current liabilities	3,498,266	-	3,902,603	-
LONG-TERM LIABILITIES:				
Ground lease payable	7,530,626		7,571,958	
Loans payable	55,528,886		53,269,905	
Total long-term liabilities	63,059,512	-	60,841,863	-
Total liabilities	66,557,778	-	64,744,466	-
NET (DEFICIT) ASSETS:				
Invested in capital assets — net of related debt	(7,278,457)		(1,080,339)	
Restricted	879,535		43,740	
Unrestricted	(2,513,861)	33,586,494	(3,412,733)	33,490,589
Total net (deficit) assets	(8,912,783)	33,586,494	(4,449,332)	33,490,589
TOTAL	$ 57,644,995	$ 33,586,494	$ 60,295,134	$ 33,490,589

See notes to consolidated financial statements.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007		2006	
	Primary	UDCDE	Primary	UDCDE
OPERATING REVENUES:				
Rental income	$ 6,967,122	$ -	$ 4,403,385	$ -
Recovery of operating expenses	1,364,569		821,274	
Parking income	1,067,443		566,720	
Other income	354,072		208,654	
Development fee income from The Ohio State University			1,106,453	
Gateway Theater sales — less cost of goods sold of $831,494 in 2007, and $551,916 in 2006	653,657		387,642	
Investment income		1,720,637		1,356,618
Total operating revenues	10,406,863	1,720,637	7,494,128	1,356,618
OPERATING EXPENSES:				
Professional services	1,316,365		627,353	
Salaries and wages	2,183,037		1,935,146	
Ground lease expense	4,345,740		4,160,979	
Real estate taxes	653,510		537,986	
Depreciation and amortization expense	1,549,503		1,519,502	
Utilities	755,708		615,588	
Cleaning	303,851		248,040	
Security	673,212		607,386	
Repairs and maintenance	657,417		368,788	
Public relations	360,204		168,980	
Bad debt expense	163,408			
Miscellaneous	181,406	170	146,970	
Office supplies and expense	79,009		244,759	
Management fee expense				1,750,000
Total operating expenses	13,222,370	170	11,181,477	1,750,000
OPERATING (LOSS) INCOME	(2,815,507)	1,720,467	(3,687,349)	(393,382)
NONOPERATING REVENUES (EXPENSES):				
Operating subsidy received from The Ohio State University	820,000		650,000	
The Ohio State University tenant space income	627,811		1,124,623	
The Ohio State University tenant space expense	(796,672)		(1,124,623)	
Management fee income			1,303,096	
Miscellaneous income	3,978		60,283	
Demolition expense	(191,549)		(2,296,301)	
Interest income	196,987		597,902	
Interest expense	(2,405,431)		(2,243,430)	
Total nonoperating expenses	(1,744,876)	-	(1,928,450)	-
(DECREASE) INCREASE IN NET ASSETS BEFORE CAPITAL (DISTRIBUTIONS) CONTRIBUTIONS	(4,560,383)	1,720,467	(5,615,799)	(393,382)
CAPITAL CONTRIBUTIONS (DISTRIBUTIONS):				
Grant income	2,474,338		739,992	
Grant disbursements	(2,377,406)		(1,492,830)	
Transfer of assets to The Ohio State University	(3,672,110)		(13,136,251)	
Forgiveness of loan and bond payable due to The Ohio State University	3,672,110		13,136,251	
Capital distribution to The Ohio State University			(3,949,351)	
Capital contributions to UDCDE				35,244,271
Capital distributions from UDCDE		(1,624,562)		(1,360,300)
Total capital contributions (distributions) — net	96,932	(1,624,562)	(4,702,189)	33,883,971
(DECREASE) INCREASE IN NET ASSETS	(4,463,451)	95,905	(10,317,988)	33,490,589
NET (DEFICIT) ASSETS — Beginning of year	(4,449,332)	33,490,589	5,868,656	
NET (DEFICIT) ASSETS — End of year	$ (8,912,783)	$33,586,494	$ (4,449,332)	$33,490,589

See notes to consolidated financial statements.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from tenants	$ 9,441,891	$ 5,590,703
Cash received from Gateway Theater	653,657	387,642
Cash paid to employees	(2,038,050)	(1,928,987)
Cash paid to suppliers	(8,460,559)	(3,787,663)
Net cash (used in) provided by operating activities	(403,061)	261,695
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(5,479,576)	(35,820,090)
Interest received on cash and investments	71,391	341,042
Equity contributions to UDCDE		(140,840)
Payment of deferred leasing costs	(225,780)	(497,904)
Cash paid from grants		(87,918)
Cash received from The Ohio State University tenant space income	896,094	2,335,298
Cash paid for The Ohio State University tenant space expense	(796,672)	(1,124,623)
Net cash used in investing activities	(5,534,543)	(34,995,035)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Cash received from grants	1,341,643	2,743,899
Cash paid on grant disbursements	(1,786,420)	(1,457,221)
Cash received from loans	5,197,182	56,224,913
Debt repayment	(63,381)	(19,651,662)
Cash paid for interest	(1,461,624)	(1,375,141)
Cash paid for note receivable	(22,845)	(500,000)
Cash received on line of credit draw receivable		1,001,786
Net cash provided by capital financing activities	3,204,555	36,986,574
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received as an operating subsidy from The Ohio State University	820,000	650,000
Management fee received		1,303,096
Cash received from miscellaneous nonoperating income	3,978	60,283
Cash provided by noncapital financing activities	823,978	2,013,379
NET (DECREASE) INCREASE IN CASH	(1,909,071)	4,266,613
CASH — BEGINNING OF YEAR	5,936,746	1,670,133
CASH — END OF YEAR	$ 4,027,675	$ 5,936,746

(Continued)

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
RECONCILIATION OF NET OPERATING LOSS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:		
Net operating loss	$ (2,815,507)	$ (3,687,349)
Adjustments to reconcile net operating loss to net cash (used in) provided by operations:		
Depreciation and amortization	1,549,503	1,519,502
Bad debt expense	163,408	
Development fee income in capital assets		(1,106,453)
(Increase) decrease in assets:		
Accounts receivable	(261,186)	(794,327)
Other assets	31,245	(45,685)
Increase (decrease) in liabilities:		
Accounts payable	1,262,267	125,225
Ground lease payable	(41,332)	3,410,979
Unearned rent	(111,799)	263,598
Rent deposits	61,670	121,399
Accrued liabilities	(241,330)	454,806
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (403,061)	$ 261,695
SUPPLEMENTAL DISCLOSURES — Noncash activity:		
Property purchases in accounts payable and accrued liabilities	$ 514,934	$ 2,329,382
Transfer of capital assets to The Ohio State University	$ 3,672,110	$ 13,136,251
Forgiveness of debt due to The Ohio State University	$ 3,672,110	$ 13,136,251
Debt acquired through capital distributions to The Ohio State University	$ -	$ 3,949,351
Interest incurred and added to debt	$ 902,073	$ 942,422
Ground rent paid by accrued bond interest	$ 583,333	$ -

See notes to consolidated financial statements.

(Concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — Campus Partners For Community Urban Redevelopment and Subsidiaries ("Campus Partners") is a component unit of The Ohio State University (the "University"). The financial activity of Campus Partners is blended within the consolidated financial statements of the University. The cost of the operations of Campus Partners is funded primarily by rental operations and subsidies from the University, whereby Campus Partners directs the revitalization of the area immediately adjacent to the University's main campus in Columbus, OH. Campus Partners was incorporated on January 12, 1995.

Reporting Entity — The accompanying consolidated financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the consolidated financial statements include all the organizations, activities, and functions for which Campus Partners, the reporting entity, is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) Campus Partners' ability to impose its will over the component unit or (2) the possibility the component unit will provide a financial benefit or impose a financial burden on the reporting entity. On this basis, the reporting entity of Campus Partners includes the following component units:

The Gateway Area Revitalization Initiative (GARI) was created to purchase land that the City of Columbus (the "City") acquired using its powers of eminent domain for the development of SCG, an area immediately adjacent to the main campus of the University (the "Gateway Project"). Campus Partners is financially accountable for GARI in that the majority of the trustees of GARI must be trustees of Campus Partners. In fiscal year 2004, the title to the land was transferred to the University. SCG was created for the purpose of incurring costs related to the construction of residential, office, retail, and parking structures in the Gateway Project. During fiscal years 2007 and 2006, the title to the capital assets related to the residential, office, and parking portions of the project was transferred to the University. Pursuant to GASB Statement No. 14, Campus Partners is financially accountable for SCG in that Campus Partners continues to own all the assets of SCG. SCG imposes a financial burden on Campus Partners through financing provided for the Gateway project. The ability of Campus Partners to impose its will on SCG is manifest in that Campus Partners has the ability to dissolve the entity at any time.

Campus Partners Parking Authority, LLC (CPPA) was created for the purpose of constructing a parking garage to support the development of residential, retail, and office buildings adjacent to the main campus of the University. The ability of Campus Partners to impose its will on CPPA is manifest in that Campus Partners has the ability to dissolve the entity at any time. During fiscal 2007, this entity was dissolved.

The Gateway Theater, LLC ("Gateway Theater") was created on June 21, 2005, for the purpose of operating the cinema at SCG. GARI is the sole member of the Gateway Theater. The ability of Campus Partners to impose its will on the Gateway Theater is manifest in that the majority of the trustees of GARI (the sole member) must be trustees of Campus Partners.

University District Community Development Entity, LLC (UDCDE) was created for the purpose of submitting an application for an allocation of New Markets Tax Credits from the U.S. Treasury Department. Funds generated from investors in UDCDE were used to provide debt financing for the retail portion of SCG. In August 2005, UDCDE amended its operating agreement and admitted SCG Investment Fund LLC as a 99.72% member, and Campus Partners reduced its ownership from 100% to 0.28%. UDCDE is a discretely presented component unit in fiscal 2006 because UDCDE is considered to be fiscally dependent on Campus Partners through voting rights but does not provide services entirely or almost entirely to Campus Partners.

Basis of Presentation — The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Campus Partners' significant accounting policies are described below.

Basis of Accounting — The consolidated financial statements have been prepared on an accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Revenue from charges for services is reported as operating revenue. Transactions, which are capital, financing, and investment-related, are reported as nonoperating revenues. Expenses from employee wages and benefits, purchases of services, material and supplies, and other miscellaneous expenses are reported as operating expenses. Grants and contracts determined to be exchange transactions are recognized as revenue when the exchange occurs. Grants and contracts determined to be nonexchange transactions are recognized as revenue when all eligibility requirements are met. Grants for the acquisition and construction of land, property, and certain types of equipment are reported in the consolidated statements of revenues, expenses, and changes in net assets, after nonoperating revenues and expenses.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Enterprise Fund Accounting*, Campus Partners follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Boards (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. Campus Partners has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

Cash and Cash Equivalents — For the purposes of the consolidated statements of cash flows, Campus Partners considers all highly liquid investments with a maturity of three months or less when purchased to be a cash equivalent.

Accounts Receivable — Receivables are reported at their gross value when earned as the underlying exchange transaction occurs, and reduced by the estimated portion deemed to be uncollectible. This estimate is based on collection history, industry trends, and current information regarding credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected.

Unbilled Deferred Rent Receivable and Rental Income— Campus Partners, as a lessor, has retained substantially all of the risks and benefits of ownership and accounts for its leases as operating leases. Certain tenant leases provide for increases in minimum rental payments and for occupancy in periods where no rent is due. The Company recognizes such rental revenue monthly on a straight-line basis over the terms of the leases. The expected straight-line rental income in excess of rents currently due under such lease agreements is recorded as unbilled deferred rent receivable. As of June 30, 2007 and 2006, such receivables (included in accounts receivable) were $263,198 and $68,224, respectively.

Concentration of Credit Risk — For the years ended June 30, 2007 and 2006, Campus Partners had rental revenue generated from one tenant, which represented greater than 10% of Campus Partners' revenue. Revenue from this tenant was $1,000,176 and $877,169, respectively, which represents 14.4% and 19.9% of Campus Partners' revenue, respectively.

Grants Receivable — Grants receivable represent funds due Campus Partners from capital financing sources subsequent to Campus Partners meeting all eligibility requirements to receive reimbursement of funds as required by the grant.

Notes Receivable — Loans are stated in the amount of unpaid principal, reduced by unearned loan fees and the allowance for loan losses, when management believes the collectibility of the principal is unlikely.

Capital Assets — Capital assets with a unit cost of greater than $500 are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Buildings are depreciated over 27.5 to 39 years, and personal property over five to seven years.

Tenant improvements are amortized over the lesser of the estimated life of the improvement or the life of the lease. Interest is capitalized during the development period and amortized over the estimated life of the building, once construction is complete. During fiscal years 2007 and 2006, Campus Partners incurred interest totaling $2,852,002 and $942,422, respectively, of which $446,571 and $110,414 was capitalized, respectively.

Deferred Costs — Deferred costs consist principally of leasing costs and financing fees. Leasing costs consist of commissions paid to third parties and other direct costs related to leasing activities. These costs are amortized on a straight-line basis over the terms of the respective agreements. As of June 30, 2007 and 2006, accumulated amortization totaled $130,516 and $123,200, respectively.

Grants Payable — Grants payable represent funds due vendors under grants from the City and the State of Ohio, as well as certain funds due subrecipients.

Unearned Tenant Income and Tenant Deposits — Unearned tenant income consists of prepaid rent, which is recognized in the period it is earned. Tenant deposits are refundable at the end of the lease.

Leases Payable — Campus Partners, as a lessee, does not receive the substantial risks and benefits of ownership and accounts for the ground lease as an operating lease. Rental expense is recognized over the term of the lease on a straight-line basis. The expected straight-line rental expense in excess of rents due currently under the lease represents unbilled ground lease payable. As of June 30, 2007 and 2006, such payables were $7,530,626 and $7,571,958, respectively.

Restricted Net Assets — Restricted net assets consist primarily of grants receivable from the City for the CCF site.

Income Taxes — Campus Partners is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications — Certain reclassifications have been made to the 2006 financial statements to conform to the 2007 presentation.

Newly Issued Accounting Pronouncements — In November 2003, GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.* This statement establishes accounting and financial reporting standards for impairment of capital assets. The provisions of this statement are effective for periods beginning after December 31, 2004. Implementation of this statement resulted in Campus Partners recording a $2.3 million expense in the fiscal year ended June 30, 2006.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* This statement established standards for the measurement, recognition, and display of other postemployment employee benefits expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of the state and local governmental employers. This statement is effective for periods beginning after December 15, 2006. Campus Partners does not believe that implementation of this standard will materially impact its consolidated financial statements.

In September 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which establishes criteria that governments will use to ascertain whether certain transactions would be regarded as a sale or a collateralized borrowing. This statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. This statement is effective for financial statements for periods beginning after December 15, 2006. Campus Partners does not believe that implementation of this standard will materially impact its consolidated financial statements.

2. RELATED-PARTY TRANSACTIONS

On November 3, 1995, the University Board of Trustees appropriated $3 million for various Campus Partners initiatives. As of June 30, 2007, all amounts had been expended under this appropriation.

In fiscal years 2007 and 2006, the University provided $820,000 and $650,000, respectively, in operational subsidies to Campus Partners.

On April 18, 2001, the University, acting under the provisions of Chapter 3335 of the Revised Code of Ohio, entered into a joint use agreement with GARI, a blended component unit of Campus Partners, for GARI to construct a parking garage immediately adjacent to the University's main campus in Columbus, OH. Under legislation, the General Assembly of the State of Ohio appropriated funds to the University in the amount of $4.5 million for this purpose. The funds were fully utilized as of June 30, 2005. Administrative costs were paid to the University in an amount equal to 1.5% of the total appropriation.

The agreement expires 15 years from August 1, 2005, the date the parking garage was completed and placed into service. GARI reserves the right to terminate the agreement prior to the expiration date provided the University is given a one-year notice prior to the effective date of termination. In the event the agreement is terminated prior to the original expiration date, GARI will be required to reimburse the University in accordance with terms defined in the agreement. As of June 30, 2007, the agreement remained in effect.

During fiscal years 2007 and 2006, title to $3.7 million and $13.1 million, respectively, of SCG nonretail predevelopment, development, and building construction costs were transferred to the University and subsequently subleased under the terms of the Ground Lease Agreement dated June 30, 2004. A corresponding $3.7 million and $13.1 million of related debt was forgiven by the University in accordance with a Memorandum of Agreement dated January 20, 2004, between Campus Partners and the University. The subleased assets consist of both land and building and will remain the property of the University at ground lease expiration. Accordingly, the lease has been classified as an operating lease (see Note 5).

During fiscal year 2006, Campus Partners entered into three leases whereby Campus Partners leases office space to the University, which has been subleased under the Ground Lease Agreement. The leased space is part of the University Improvements, as defined under the ground lease, which were funded by the University and constructed by Campus Partners, and transferred to the University upon completion. At the end of the ground lease term, title to the office space will remain with the University. Lease income from the University under these leases totaled $1,121,201 and $1,026,663 for 2007 and 2006, respectively, and is included in rental income. During fiscal year 2006, SCG received $1,100,000 as a development fee from the University for overseeing the construction of the SCG nonretail improvements.

Campus Partners' operating division salaries, wages, and other compensation are paid directly to the employees by the University. Campus Partners reimburses the University based on the percentage of employees' time allocated to Campus Partners. During fiscal years 2007 and 2006, Campus partners incurred $679,467 and $691,035, respectively, of which $258,000 and $55,000 were accrued at June 30, 2007 and 2006, respectively.

3. CASH

At June 30, 2007, the carrying amounts of Campus Partners' deposits with financial institutions totaled $4,027,675 compared to bank balances of $4,449,203. The differences in the carrying amounts and bank balances are caused by outstanding checks and deposits in transit. Based upon criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*, $100,000 of the bank balance in each legal entity was covered by deposit insurance provided by the Federal Deposit Insurance Corporation (FDIC), and $3,928,932 was uncollateralized as defined by GASB. However, to mitigate any risk of loss, Campus Partners maintains its cash in three large financial institutions; consequently, management believes it is not exposed to any specific concentration of credit risk in relation to cash.

At June 30, 2006, the carrying amounts of Campus Partners' deposits with financial institutions were $5,936,746 and the bank balances were $7,130,087. The differences in the carrying amounts and bank balances were caused by outstanding checks and deposits in transit. Based upon criteria described in GASB Statement No. 3, $100,000 of the bank balance was covered by deposit insurance provided by the FDIC, and $7,030,087 was uncollateralized as defined by GASB. However, to mitigate any risk of loss, Campus Partners maintains its cash in a large financial institution; consequently, management believes it is not exposed to any specific concentration of credit risk in relation to cash.

4. CAPITAL ASSETS

Capital asset activities for the years ended June 30, 2007 and 2006, are as follows:

	June 30, 2006	Additions	Disposals	Transfers	June 30, 2007
Land	$ 2,673,411	$ -	$ -	$ -	$ 2,673,411
Depreciable assets:					
Buildings and improvements	10,290,560				10,290,560
Equipment	125,597		(1,351)	38,254,438	38,378,684
Total depreciable assets	10,416,157	-	(1,351)	38,254,438	48,669,244
Construction in progress	38,528,079	3,665,128		(41,926,548)	266,659
Total capital assets	51,617,647	3,665,128	(1,351)	(3,672,110)	51,609,314
Less accumulated depreciation and amortization for:					
Buildings and improvements	(1,741,962)	(1,387,377)			(3,129,339)
Equipment	(102,805)	(51,258)			(154,063)
Total accumulated depreciation and amortization	(1,844,767)	(1,438,635)	-	-	(3,283,402)
Net capital assets	$ 49,772,880	$ 2,226,493	$ (1,351)	$ (3,672,110)	$ 48,325,912

	June 30, 2005	Additions	Disposals	Transfers	June 30, 2006
Land	$ 2,630,411	$ 43,000	$ -	$ -	$ 2,673,411
Depreciable assets:					
Buildings and improvements	6,254,861	6,471,168	(2,435,469)		10,290,560
Equipment	52,207	325,643	(110,340)	(141,913)	125,597
Total depreciable assets	6,307,068	6,796,811	(2,545,809)	(141,913)	10,416,157
Construction in progress	26,374,410	25,148,007		(12,994,338)	38,528,079
Total capital assets	35,311,889	31,987,818	(2,545,809)	(13,136,251)	51,617,647
Less accumulated depreciation and amortization for:					
Buildings and improvements	(617,329)	(1,411,665)	287,032		(1,741,962)
Equipment	(66,410)	(36,395)			(102,805)
Total accumulated depreciation and amortization	(683,739)	(1,448,060)	287,032	-	(1,844,767)
Net capital assets	$ 34,628,150	$ 30,539,758	$ (2,258,777)	$ (13,136,251)	$ 49,772,880

5. OPERATING LEASES

At June 30, 2007, rental property is being leased to parties under various operating lease agreements for lease terms ranging from 1 to 20 years. Minimum future rental income for all retail operating leases in effect at June 30, 2007, and the new leases entered into subsequent to year-end are as follows:

Years Ending June 30	
2008	$ 4,699,708
2009	5,128,885
2010	5,065,135
2011	4,909,336
2012	4,766,632
2013–2017	19,954,628
2018–2022	10,806,659
2023–2027	6,578,296
	$61,909,279

Effective June 30, 2004, SCG entered into a 40-year operating ground lease with the University for the SCG land and University improvements, as defined in the lease. Payments, which are over a 30-year period, began October 1, 2006, and are calculated based on the total value of nonretail assets transferred to the University in exchange for a reduction to a memorandum of understanding (MOU) and a line of credit with the University (see Note 6). The interest rate used to calculate monthly payments is a blend of fixed and variable rates based on the University's 2003B and C General Receipt Bond Issues (4.61% at June 30, 2007 and 2006).

On July 1, 2007 and 2006, the lease was amended to increase the monthly payments by $19,000 and $30,000, respectively. As of June 30, 2007, the total minimum lease payments due under the lease, including the amendments are:

Years Ending June 30	
2008	$ 5,799,912
2009	5,799,912
2010	5,799,912
2011	5,874,909
2012	5,899,908
2013–2017	29,674,533
2018–2022	30,174,513
2023–2027	30,311,025
2028–2032	29,357,284
2033–2037	13,638,669
2038–2042	8,175,000
2043–2044	2,550,000
	$173,055,577

6. LOANS PAYABLE

Loan activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Principal Additions	Repayments	Transfers	Ending Balance	Current Portion
Campus Partners:						
City of Columbus Loan	$ -	$ 125,000	$ -	$ -	$ 125,000	$ -
RE III $5M Line of Credit	5,111,195	312,803			5,423,998	
OSU 2005 MOU — Sun Longs	1,877,852	95,668			1,973,520	
OSU 2005 MOU — RE II	923,152	47,030			970,182	
South Campus Gateway:						
OSU $35M Line of Credit		5,518,754		(3,672,110)	1,846,644	
UDCDE Note A	23,076,919		(63,382)		23,013,537	200,486
UDCDE Note B	10,376,491				10,376,491	
ESIC $12M Loan	12,000,000				12,000,000	
Total debt	$ 53,365,609	$ 6,099,255	$ (63,382)	$ (3,672,110)	$ 55,729,372	$ 200,486

Loan activity for the year ended June 30, 2006, was as follows:

	Beginning Balance	Principal Additions	Repayments	Transfers	Ending Balance	Current Portion
Campus Partners:						
RE III $5M Line of Credit	$ 4,659,090	$ 452,105	$ -	$ -	$ 5,111,195	$ -
OSU 2005 MOU — Sun Longs		3,151,562	(1,273,710)		1,877,852	
OSU 2005 MOU — RE II		923,152			923,152	
South Campus Gateway:						
OSU $35M Line of Credit	8,377,746	10,000,206	(18,377,952)		-	
OSU 2004 MOU		13,136,251		(13,136,251)	-	
UDCDE Note A		23,076,919			23,076,919	95,704
UDCDE Note B		10,376,491			10,376,491	
ESIC $12M Loan	12,000,000				12,000,000	
Total debt	$ 25,036,836	$ 61,116,686	$ (19,651,662)	$ (13,136,251)	$ 53,365,609	$ 95,704

During the fiscal year ended June 30, 2007, Campus Partners entered into a $125,000 loan agreement with the City to perform due diligence for the CCF site project. The loan bears an interest rate of 0% and expires in August of 2016. Repayment is conditioned upon Campus Partners' acquiring and developing the site in a manner that will provide funds for the repayment of the loan. If such funds are not provided as of the expiration date, Campus Partners will not be obligated to repay the loan. As of June 30, 2007, Campus Partners had completed due diligence but had not acquired the land.

During the fiscal year ended June 30, 2004, Campus Partners obtained a $5 million real estate acquisition line of credit from the University for the purpose of purchasing real estate in the area immediately adjacent to SCG. The note bears interest at 6% annually and it is capitalized to the loan in quarterly installments. Principal and any remaining unpaid interest are due on or before May 1, 2009. The amount outstanding on this line of credit (including accrued interest) was $5,423,997 and $5,111,195 at June 30, 2007 and 2006, respectively.

On December 21, 2005, Campus Partners entered into an MOU with the University, which redefined the terms of a November 3, 1995, resolution by the University's Board of Trustees to invest in Sun Longs and Real Estate II assets. These investment funds, which were used primarily in fiscal year 2001 to acquire the real estate assets in the Sun Longs and Real Estate II portfolios, were originally recorded on Campus Partners' consolidated financial statements as nonoperating income. Under the memorandum, approximately $4 million of this investment was redefined as a loan payable to the University and was recorded as a capital distribution. The loan bears interest quarterly at an annual rate of 5% and is due in full on June 10, 2010. The amount due on this loan was $2.9 million and $2.8 million as of June 30, 2007 and June 30, 2006, respectively.

SCG obtained a $35 million construction line of credit from the University for the purpose of funding construction-related expenditures for residential, office, retail, and parking structures in the area immediately adjacent to the main campus of the University during the fiscal year ended June 30, 2004. Repayment can be in the form of cash or title transfer of SCG nonretail improvements, as defined in the ground lease agreement between the University and Campus Partners (the "Ground Lease"). For fiscal years ended June 30, 2007 and 2006, assets transferred to the University in exchange for a reduction on the line of credit totaled $3,672,110 and $0, respectively. Annual interest charged on the outstanding balance is the average one-month LIBOR rate plus 1.5% (6.83% and 4.84% at June 30, 2007 and 2006, respectively) and is calculated and paid quarterly. The amount outstanding on this line of credit was $1,846,644 and $0 at June 30, 2007 and 2006, respectively. During fiscal year 2006, the expiration date was extended to December 20, 2007, and the available line of credit was reduced to $5 million.

In the fiscal year ended June 30, 2004, the University issued 2003B and C General Receipt Bond Issues for the purpose of funding a portion of the construction costs associated with the SCG nonretail assets. On January 20, 2004, Campus Partners entered into a MOU with the University to finance a total of $64,691,555, including $55 million of project costs and amortized interest of $9,340,369, plus a prorata share of the issuance costs of $351,186. Additionally, per the MOU with the University, Campus Partners earned interest at the University rate for any unused portion of the bonds. Interest income from the University in connection with these bonds was $119,038 and $256,860 for fiscal years ended June 30, 2007 and 2006, respectively, with $1,477,164 and $1,941,459 in accounts receivable in 2007 and 2006, respectively. During fiscal year 2007, $583,333 of bond interest receivable was reduced in exchange for ground lease payments to the University.

Under the memorandum, repayment can be in the form of cash or title transfer of SCG nonretail improvements, as defined in the ground lease agreement between the University and Campus Partners. For fiscal years ended June 30, 2007 and 2006, assets transferred to the University in exchange for a reduction on the MOU balance totaled $3,672,110, and $13,136,251, respectively.

During fiscal year 2006, SCG borrowed $33.45 million from UDCDE for the purpose of financing the retail portion of SCG. The loan was as a result of a New Markets Tax Credit–enhanced investment in UDCDE by SCG Investment Fund (the "Investor Member"). A portion of the loan proceeds was used to repay a portion of the $35 million construction line of credit from the University. The loans comprise Note A (principal balance of $23,076,919) and Note B (principal balance of $10,376,491) at June 30, 2007. Note A has monthly interest-only payments through February 22, 2007, bearing interest at 6.85%. On February 22, 2007, monthly principal and interest payments commenced, bearing interest at 7.95% through the loan's maturity on September 22, 2012. Note B has monthly interest-only payments at 0.5% through the maturity date of September 22, 2035, at which time the entire principal balance and any accrued interest will be due. In conjunction with this loan, Campus Partners entered into a put option agreement and a purchase option agreement with the Investor Member and Fifth Third Community Development Corporation ("Fifth Third CDC"). These agreements give the Investor Member the right to require Campus Partners to purchase the interest in UDCDE from the Investor Member for $103,410. The Investor Member and Campus Partners have the right to exercise the option upon the Investor Member's receiving a distribution in the amount of $24,762,500 from UDCDE sufficient for the Investor Member to pay its loan from Fifth Third CDC in full.

SCG obtained a $12 million loan from ESIC New Markets Partners II LP (ESIC) on July 12, 2004. The purpose of the loan is to provide financing for construction of the retail portion of the SCG project. The monthly debt service payments of $33,333 are due commencing August 2007 with the remaining $10.4 million balance due August 2011. The amount outstanding on the loan was $12 million at June 30, 2007 and 2006. Annual interest charged on the outstanding balance is 0% at June 30, 2007 and 2006. Campus Partners is in compliance with all required financial covenants associated with this loan as of June 30, 2007.

Repayment amounts due under the various MOUs and loan agreements are as follows:

Years Ending June 30	Future Repayment Schedule Principal	Interest
2008	$ 2,447,130	$ 2,343,486
2009	6,040,983	2,272,745
2010	3,578,546	1,983,687
2011	11,054,173	1,817,174
2012	275,092	1,796,255
2013–2017	21,956,957	547,988
2018–2022		259,412
2023–2027		259,412
2028–2032		259,412
2033–2036	10,376,491	164,295
	$55,729,372	$11,703,866

7. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

All Campus Partner employees are required to participate in either the statewide Ohio Public Employees Retirement System (OPERS) or an Alternative Retirement Plan (ARP).

OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revise Code. OPERS issues stand-alone financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan — a cost sharing, multiple-employer defined benefit pension plan.

2. The Member-Directed Plan — a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan — a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, and survivor benefits, as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, *Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Governmental Employers.*

The Ohio Revised Code provides statutory authority for member and employer contributions and requires public employers to fund postretirement health care through their contributions to OPERS. For 2006, member and employer contribution rates were consistent across all three plans. The 2006 member contribution rates were 9.0% for members in state, local, and public safety classifications. In 2006, state employers contributed at a rate of 13.54% of covered payroll. The portion of employer contributions allocated to health care was 4.50%. The covered payroll amounts in 2007, 2006, and 2005 were $405,999, $414,038, and $455,677, respectively. The portion of Campus Partners' 2007, 2006, and 2005 contributions that were used to fund postemployment benefits was $2,795, $2,153, and $2,770, respectively.

The assumptions and calculations below were based on the OPERS's latest Actuarial Review performed as of December 31, 2005. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets, not to exceed a 12% corridor. The investment assumption rate of 2005 was 6.5%. An annual increase of 4% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.50% to 6.30%, depending on age. Health care costs were assumed to increase at the projected wage inflation rate, plus an additional factor ranging from 0.5% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4% (projected wage inflation rate).

OPEB are advance-funded on an actuarially determined basis. As of December 31, 2005, the actuarial value of the OPERS's net assets available for OPEB was $11.1 billion. The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of contributing participants for both plans used in the actuarial valuation as of December 31, 2005 was 358,804. Based on the actuarial cost method used, the actuarial valuation as of December 31, 2005, reported the actuarial accrued liability and the unfunded actuarial liability for OBEB at $31.3 billion and $20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health plan.

ARP is a defined contribution pension plan. Full-time administrative and professional staff may choose enrollment in ARP in lieu of OPERS. ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits, or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

8. UNIVERSITY DISTRICT COMMUNITY DEVELOPMENT ENTITY, LLC

Campus Partners formed UDCDE, an Ohio Limited Liability Company on June 19, 2002, and entered into its initial operating agreement (the "Operating Agreement") on that date. On August 22, 2005, under UDCDE's Second Amended and Restated Operating Agreement, SCG Investment Fund LLC, an Ohio Limited Liability Company, was admitted as an Investor Member.

Throughout Note 8 to the consolidated financial statements, italicized words or phrases represent defined terms under the New Markets Tax Credit (NMTC) Program or Section 45D of the Internal Revenue Code of 1986, as amended.

UDCDE has been certified by the U.S. Treasury's Community Development Financial Institutions Fund (CDFI Fund) as a *Community Development Entity (CDE).* As a CDE, UDCDE's primary purpose is serving or providing investment capital for *low-income communities*. UDCDE was organized as a *subsidiary* for the purposes of receiving a suballocation of NMTCs from its managing member, Campus Partners, an *Allocatee* under the NMTC Program.

Campus Partners owns a 0.2840634% managing member interest in UDCDE. Campus Partners applied for and received a first-round allocation of NMTCs sufficient to support $35 million of *qualified equity investments*. During the period June 19, 2002 (inception) to June 30, 2006, Campus Partners made a suballocation of its NMTC allocation to UDCDE in the amount of $35 million.

Pursuant to the Operating Agreement, the Investor Member is required to provide initial capital contributions to UDCDE totaling $35,103,410. As of June 30, 2007 and 2006, the Investor Member's capital contributions totaled $35,103,410. Of these capital contributions, $35 million has been designated as *qualified equity investments*, qualifying the Investor Member to claim NMTCs on its investment.

Pursuant to the Operating Agreement, Campus Partners is required to provide capital contributions to the UDCDE totaling $100,000. As of June 30, 2007 and 2006, Campus Partners' capital contributions totaled $140,841.

Pursuant to the Operating Agreement, income, losses, and cash flow are allocated to the members in proportion to their membership interests.

Concentration of Credit Risk — UDCDE deposits its cash in financial institutions. At times, deposits may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Economic Concentration — At June 30, 2007, UDCDE has loans receivable with SCG totaling $33,390,028 ("Note A" and "Note B" in the principal amounts of $23,013,537 and $10,376,491, respectively) or 99.99% of total retail assets managed by SCG. Future operations could be affected by changes in the economic conditions of those entities or their parent companies. Terms of these notes are disclosed in Note 6.

New Markets Tax Credit — During 2002, Campus Partners was awarded $35 million of NMTC allocation authority by the CDFI Fund under the NMTC Program and entered into an allocation agreement with the CDFI Fund. UDCDE has entered into an allocation agreement with the CDFI Fund as a *subsidiary allocatee*, of Campus Partners. As a *subsidiary allocatee*, UDCDE has been allocated $35 million. The NMTCs allow individual and corporate taxpayers to receive a credit against federal income taxes in exchange for making *qualified equity investments* in UDCDE. For the period from June 10, 2002 (inception) to June 30, 2006, capital contributions of $35 million were designated as *qualified equity investments.*

In order to qualify for these credits, UDCDE must comply with various federal requirements. These requirements include, but are not limited to, making *qualified low-income community investments* within one year of receiving the *qualified equity investments*. If *qualified equity investment* funds are not continuously invested in *qualified low-income community investments*, the members risk recapture of previously taken tax credits plus penalties and interest thereon.

UDCDE's allocation agreement places restrictions on UDCDE's operations, including, but not limited to, the specific geographic area of *low-income communities* the Company must serve. Pursuant to UDCDE's allocation agreement, *qualified low-income community investments* can take the form of investment in or loans to *qualified active low-income community businesses* locally.

NMTCs are issued over seven years at a rate of 5% of the *qualified equity investments* for years one through three and 6% for years four through seven. As a result of its *qualified equity investments*, the Investor Member was eligible to claim $1,750,000 of NMTCs for the period from June 19, 2002 (inception) to June 30, 2007.

Future NMTC amounts as a result of *qualified equity investments* are expected to be as follows:

Years Ending June 30	
2008	$2,100,000
2009	2,100,000
2010	2,100,000
2011	2,100,000
Total	$8,400,000

9. COMMITMENTS AND CONTINGENCIES

Campus Partners is involved from time to time in routine litigation. Management does not believe that the ultimate resolution of this litigation will be material to the consolidated financial statements of Campus Partners.

As of June 30, 2007, Campus Partners had commitments outstanding for capital expenditures of approximately $400,000.

As of June 30, 2007, Campus Partners was obligated to purchase approximately four acres of land (Columbus Thermal property) in the amount of $300,000, contingent upon the award of a $3 million grant from the Clean Ohio Revitalization Fund. Upon satisfaction of this contingency, the grant award, along with the purchase contract, will be assigned to a third party who will purchase the property and perform the revitalization work funded by the grant.

10. SUBSEQUENT EVENTS

In September 2007, the Company acquired properties adjacent to the Sun Longs property in the amount of $880,000. The properties will be used to further the redevelopment in the Gateway area.

In September 2007, the University trustees approved an additional capital allocation in the amount of $50 million, payable to Campus Partners in $10 million increments over five years. The funds will primarily be used to acquire property in areas adjacent to the Sun Longs redevelopment property, to continue the revitalization of the campus area.

* * * * * *

SUPPLEMENTAL INFORMATION

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

CONSOLIDATING SCHEDULE — STATEMENT OF NET ASSETS INFORMATION
AS OF JUNE 30, 2007

	Operating Division	Long's Sun Division	Real Estate II Division	Real Estate III Division	Campus Partners SCG	Total Campus Partners	Gateway Area Revitalization Initiative	South Campus Gateway, LLC	Campus Partners Parking Authority, LLC	The Gateway Theater LLC	Subtotal	Eliminations	Consolidated Total
ASSETS													
CURRENT ASSETS:													
Cash	$ 631,931	$ 277,896	$ 191	$ (12,302)	$ 255,172	$ 1,152,888	$18,670	$ 2,859,584	$ -	$ (3,467)	$ 4,027,675	$ -	$ 4,027,675
Accounts receivable — net	12,033	1,511	780	491	115,508	130,323		2,274,995		113,578	2,518,896		2,518,896
Grants receivable	1,176,434					1,176,434					1,176,434		1,176,434
Note receivable								67,845			67,845		67,845
Other assets	57,553	3,374	94	3,314		64,335				14,916	79,251		79,251
Interdivision/company receivable	309,033	754,057			5,684,878	6,747,968		688,888			7,436,856	(7,436,856)	-
Total current assets	2,186,984	1,036,838	1,065	(8,497)	6,055,558	9,271,948	18,670	5,891,312	-	125,027	15,306,957	(7,436,856)	7,870,101
CAPITAL ASSETS — Net of accumulated depreciation	30,023	3,253,518	703,375	1,985,503	43,187,922	49,160,341				59,118	49,219,459	(893,547)	48,325,912
NOTES RECEIVABLE — Net of current portion								455,000			455,000		455,000
INVESTMENT IN UDCDE	140,841					140,841					140,841		140,841
DEFERRED LOAN AND LEASE COSTS — Net					650,279	650,279		202,862			853,141		853,141
TOTAL	$2,357,848	$4,290,356	$ 704,440	$ 1,977,006	$49,893,759	$59,223,409	$18,670	$ 6,549,174	$ -	$ 184,145	$65,975,398	$(8,330,403)	$57,644,995
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES:													
Current portion of loan payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 200,486	$ -	$ -	$ 200,486	$ -	$ 200,486
Accounts payable		8,718		32,940	153,019	194,677		75,437		212,002	482,116		482,116
Grants payable	361,775					361,775					361,775		361,775
Accrued liabilities	269,956	69,870	5,003	27,274	155,521	527,624	45	1,491,183		44	2,018,896		2,018,896
Unearned tenant income		6,516		4,749		11,265		140,534			151,799		151,799
Tenant deposits		4,215		8,409	196,490	209,114		74,080			283,194		283,194
Interdivision/company payable	549,670		136,138	377,082	200	1,063,090		5,684,878		688,888	7,436,856	(7,436,856)	-
Total current liabilities	1,181,401	89,319	141,141	450,454	505,230	2,367,545	45	7,666,598	-	900,934	10,935,122	(7,436,856)	3,498,266
LONG-TERM LIABILITIES:													
Ground lease payable					7,530,626	7,530,626					7,530,626		7,530,626
Loans payable	125,000	1,973,520	970,182	5,423,997		8,492,699		47,036,187			55,528,886		55,528,886
Total long-term liabilities	125,000	1,973,520	970,182	5,423,997	7,530,626	16,023,325	-	47,036,187	-	-	63,059,512	-	63,059,512
Total liabilities	1,306,401	2,062,839	1,111,323	5,874,451	8,035,856	18,390,870	45	54,702,785	-	900,934	73,994,634	(7,436,856)	66,557,778
NET ASSETS (DEFICIT):													
Invested in capital assets — net of related debt	30,023	1,279,998	(266,807)	(3,438,494)	43,187,923	40,792,645		(47,236,673)		59,118	(6,384,910)	(893,547)	(7,278,457)
Restricted	814,659					814,659		64,876			879,535		879,535
Unrestricted	206,765	947,519	(140,076)	(458,951)	(1,330,020)	(774,765)	18,625	(981,814)		(775,907)	(2,513,861)		(2,513,861)
Total net assets (deficit)	1,051,447	2,227,517	(406,883)	(3,897,445)	41,857,903	40,832,539	18,625	(48,153,611)	-	(716,789)	(8,019,236)	(893,547)	(8,912,783)
TOTAL	$2,357,848	$4,290,356	$ 704,440	$ 1,977,006	$49,893,759	$59,223,409	$18,670	$ 6,549,174	$ -	$ 184,145	$65,975,398	$(8,330,403)	$57,644,995

See note to supplemental consolidating schedules.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

CONSOLIDATING SCHEDULE — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INFORMATION FOR THE YEAR ENDED JUNE 30, 2007

	Operating Division	Long's Sun Division	Real Estate II Division	Real Estate III Division	Campus Partners SCG	Total Campus Partners	Gateway Area Revitalization Initiative	South Campus Gateway, LLC	Campus Partners Parking Authority, LLC	The Gateway Theater LLC	Total	Eliminations	Consolidated Total
OPERATING REVENUES:													
Rental income	$ -	$ 336,974	$ -	$ 147,996	$ 3,264,653	$ 3,749,623	$ -	$ 3,452,624	$ -	$ -	$ 7,202,247	$ (235,125)	$ 6,967,122
Recovery of operating expenses					505,377	505,377		1,063,746			1,569,123	(204,554)	1,364,569
Parking income					1,067,443	1,067,443					1,067,443		1,067,443
Other income					40,300	40,300		154,643		159,129	354,072		354,072
Development fee income from The Ohio State University						-					-		-
Ground rent income					1,694,838	1,694,838					1,694,838	(1,694,838)	-
Theater sales — net										653,657	653,657		653,657
Total operating revenues	-	336,974	-	147,996	6,572,611	7,057,581	-	4,671,013	-	812,786	12,541,380	(2,134,517)	10,406,863
OPERATING EXPENSES:													
Professional services	604,059	29,539		18,634	235,116	887,348	7,577	192,291		229,149	1,316,365		1,316,365
Salaries and wages	679,467				735,413	1,414,880		290,732		477,425	2,183,037		2,183,037
Ground lease expense					4,345,740	4,345,740		1,694,838			6,040,578	(1,694,838)	4,345,740
Real estate taxes		135,618	9,510	99,564		244,692		408,818			653,510		653,510
Depreciation and amortization expense	5,738	105,006		55,649	1,307,163	1,473,556		56,111		19,836	1,549,503		1,549,503
Utilities	7,732	71,323	514	27,378	501,428	608,375		44,514		102,819	755,708		755,708
Cleaning	3,865	14,094		12,847	203,168	233,974		13,899		55,978	303,851		303,851
Security	445	1,883			383,873	386,201		287,011			673,212		673,212
CAM charges						-				204,554	204,554	(204,554)	-
Repairs and maintenance	3,434	60,668	5,056	110,431	321,658	501,247		116,828		39,342	657,417		657,417
Rent expense					16,212	16,212				218,913	235,125	(235,125)	-
Public relations	6,513	401		5,954	26,682	39,550		306,910		13,744	360,204		360,204
Bad debt expense						-		163,408			163,408		163,408
Miscellaneous	45,515	14,225	98	31,424	34,638	125,900		(7,529)		63,035	181,406		181,406
Office supplies and expense	14,429	88			38,425	52,942		7,846		18,221	79,009		79,009
Total operating expenses	1,371,197	432,845	15,178	361,881	8,149,516	10,330,617	7,577	3,575,677	-	1,443,016	15,356,887	(2,134,517)	13,222,370
OPERATING (LOSS) INCOME	(1,371,197)	(95,871)	(15,178)	(213,885)	(1,576,905)	(3,273,036)	(7,577)	1,095,336	-	(630,230)	(2,815,507)	-	(2,815,507)
NONOPERATING REVENUES (EXPENSES):													
Operating subsidy received from The Ohio State University	820,000					820,000					820,000		820,000
Intercompany operating subsidy	(946,427)			185,000	575,000	(186,427)	(5,498)	25,000	(18,573)	185,498	-		-
The Ohio State University tenant space income						-		627,811			627,811		627,811
The Ohio State University tenant space expense					(168,861)	(168,861)		(627,811)			(796,672)		(796,672)
Miscellaneous income	2,465	331		1,182		3,978					3,978		3,978
Demolition expense				(191,549)		(191,549)					(191,549)		(191,549)
Interest income	33,669	2,469				36,138		160,849			196,987		196,987
Interest expense	(120)	(95,668)	(47,030)	(312,803)		(455,621)		(1,949,810)			(2,405,431)		(2,405,431)
Total nonoperating revenues (expenses)	(90,413)	(92,868)	(47,030)	(318,170)	406,139	(142,342)	(5,498)	(1,763,961)	(18,573)	185,498	(1,744,876)	-	(1,744,876)
DECREASE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS (DISTRIBUTIONS)	(1,461,610)	(188,739)	(62,208)	(532,055)	(1,170,766)	(3,415,378)	(13,075)	(668,625)	(18,573)	(444,732)	(4,560,383)	-	(4,560,383)
CAPITAL CONTRIBUTIONS (DISTRIBUTIONS):													
Grant income	2,392,218					2,392,218	82,120	82,120			2,556,458	(82,120)	2,474,338
Grant disbursements	(2,377,406)					(2,377,406)	(82,120)				(2,459,526)	82,120	(2,377,406)
Transfer of capital assets					119,728	119,728		(119,728)			-		-
Transfer of assets to The Ohio State University						-		(3,672,110)			(3,672,110)		(3,672,110)
Forgiveness of loan and bond payable due to The Ohio State University						-		3,672,110			3,672,110		3,672,110
Total capital contributions (distributions) — net	14,812	-	-	-	119,728	134,540	-	(37,608)	-	-	96,932	-	96,932
DECREASE IN NET ASSETS	(1,446,798)	(188,739)	(62,208)	(532,055)	(1,051,038)	(3,280,838)	(13,075)	(706,233)	(18,573)	(444,732)	(4,463,451)	-	(4,463,451)
NET ASSETS (DEFICIT) — Beginning of year	2,498,245	2,416,256	(344,675)	(3,365,390)	42,908,941	44,113,377	31,700	(47,447,378)	18,573	(272,057)	(3,555,785)	(893,547)	(4,449,332)
NET ASSETS (DEFICIT) — End of year	$ 1,051,447	$ 2,227,517	$ (406,883)	$ (3,897,445)	$ 41,857,903	$ 40,832,539	$ 18,625	$ (48,153,611)	$ -	$ (716,789)	$ (8,019,236)	$ (893,547)	$ (8,912,783)

See note to supplemental consolidating schedules.

Basis of Presentation — The supplemental consolidating schedules include the accounts of Campus Partners and its wholly owned subsidiaries. Campus Partners accounts for its investment in subsidiaries on the cost method.

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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 Trustees of
Campus Partners For Community Urban Redevelopment
Columbus, OH

We have audited the consolidated financial statements of Campus Partners For Community Urban Redevelopment and Subsidiaries ("Campus Partners"), a component unit of The Ohio State University, and its discretely presented component unit as of and for the years ended June 30, 2007 and 2006, and have issued our report thereon dated December 13, 2007. 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 Campus Partners' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Campus Partners' internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Company'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 a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the 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 over financial reporting 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 Campus Partners' consolidated 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 Trustees, management of Campus Partners, federal awarding agencies, state funding agencies, pass-through entities, 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.

Deloitte & Touche LLP

December 13, 2007

Mary Taylor, CPA
Auditor of State

CAMPUS PARTNERS FOR COMMUNITY URBAN REDELOPMENT AND SUBSIDIARIES

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
JANUARY 15, 2008