Campus Partners For Community Urban Redevelopment and Subsidiaries

Consolidated Financial Statements as of and
for the Years Ended June 30, 2009 and 2008,
Supplemental Information as of and
for the Year Ended June 30, 2009, and
Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

Board of Trustees
Campus Partners for Community Urban Redevelopment and Subsidiaries
2040 Blankenship Hall
901 Woody Hayes Drive
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, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The 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

November 23, 2009

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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, 2009 and 2008, 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, 2009 and 2008, 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' 2009 consolidated financial statements taken as a whole. The consolidating schedules on pages 26 through 27 are presented for the purpose of additional analysis of the 2009 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 2009 consolidated financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic 2009 consolidated financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2009, 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

October 23, 2009

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

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, 2009, with comparative data for fiscal year 2008 and fiscal year 2007. 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 7 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 that illustrates Campus Partners' deficiency in net asset changes during each fiscal year ended. 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, 2009, 2008, and 2007:

	2009	2008	2007
Assets:			
Current assets	$ 2,823,669	$ 5,026,266	$ 7,870,101
Net capital assets	51,757,571	50,782,094	48,325,912
Deferred loan costs and other assets	1,680,789	941,453	1,448,982
Total	$ 56,262,029	$ 56,749,813	$ 57,644,995
Liabilities:			
Current liabilities	$ 15,070,695	$ 11,461,774	$ 3,498,266
Long-term liabilities	55,208,219	58,658,904	63,059,512
Total liabilities	70,278,914	70,120,678	66,557,778
Deficiency in net assets:			
Invested in capital assets — net of related debt	(13,077,300)	(10,744,614)	(7,278,457)
Restricted net assets			879,535
Unrestricted net deficiency	(939,585)	(2,626,251)	(2,513,861)
Total net (deficiency in) Assets	(14,016,885)	(13,370,865)	(8,912,783)
Total	$ 56,262,029	$ 56,749,813	$ 57,644,995

During 2009, Campus Partners' net property and equipment increased $975,000 due to the purchase of assets relating to retail tenant improvements at South Campus Gateway and property additions to the Real Estate III portfolio. Current assets decreased $2.2 million, primarily due to a decrease in cash ($1.6 million). Additionally, grants receivable decreased $348,000, primarily due to reimbursements received from the City of Columbus (the "City") for the Columbus Coated Fabrics (CCF) site project. The additional $252,000 mostly represents an increase to the allowance of doubtful accounts. Campus Partners' short-term liabilities increased by $3.6 million during 2009 primarily as a result of certain debt being classified as current. Long-term liabilities decreased by $3.5 million during 2009 due to a reduction in the ground lease payable in the amount of $3.5 million. Note 5 has more information regarding Campus Partners' financing arrangements. During 2009, Campus Partners' net deficit increased by $650,000 due to a net operating loss of $2.6 million and interest expense and other nonoperating income of $2 million, as described in the summary of changes in net assets for fiscal year ended June 30, 2009.

During 2008, Campus Partners' net property and equipment increased $2.5 million due to the purchase of assets relating to retail tenant improvements at South Campus Gateway and property additions to the Real Estate III portfolio. Current assets decreased $2.8 million, primarily due to a decrease in cash ($2 million) from increased repayments under the ground lease with The Ohio State University (the "University") and accounts payable. Additionally, grants receivable decreased $800,000, primarily due to reimbursements received from the City of Columbus (the "City") for the Columbus Coated Fabrics (CCF) site project. Campus Partners' short-term liabilities increased by $8 million during 2008 primarily as a result of certain debt being classified as current ($9 million) and an increase in the bank overdraft ($112,000). This increase was partially offset by a decrease in accrued liabilities relating to less construction activity ($800 thousand) and a decrease in grants payable ($3,60,000). Long-term liabilities decreased by $4.4 million during 2008 due to debt coming due within the next year classified as current ($3.1 million), and a reduction in the ground lease payable in the amount of $1.3 million. Note 5 has more information regarding Campus Partners' financing arrangements. During 2008, Campus Partners' net deficit increased by $4.5 million due to a net operating loss of $2 million and interest expense and other nonoperating expenses of $2.6 million, as described in the summary of changes in net assets for fiscal year ended June 30, 2008.

The following represents Campus Partners' summary of changes in net assets for the fiscal years ended June 30, 2009, 2008, and 2007:

	2009	2008	2007
Operating revenues	$ 11,746,494	$ 12,099,037	$ 10,406,863
Operating expenses	14,374,566	14,082,911	13,222,370
Net operating loss	(2,628,072)	(1,983,874)	(2,815,507)
Nonoperating expenses	(1,056,251)	(2,648,655)	(1,744,876)
Capital contributions (distributions)	(57,182)	174,447	96,932
Extraordinary Items	3,095,485		
Change in net assets	(646,020)	(4,458,082)	(4,463,451)
Net (deficiency in) assets — beginning of year	(13,370,865)	(8,912,783)	(4,449,332)
Net deficiency — end of year	$ (14,016,885)	$ (13,370,865)	$ (8,912,783)

Campus Partners' $11.7 million of operating revenue for the year ended June 30, 2009, resulted primarily from retail and residential rental income generated from real estate holdings in South Campus Gateway, LLC (SCG). The increase over 2008 is a result of increased occupancy of the retail, residential, and office properties.

Campus Partners' major operating expenses for the year ended June 30, 2009, included ground lease rent (30.4%), salaries and wages (13.5%), and depreciation and amortization (13.8%). 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 real estate tax, and an increase in bad debt expense.

Nonoperating expenses for fiscal year 2009 primarily related to interest expense ($2.6 million) offset by fee income ($800,000) with Weinland Park Development, LLC in exchange for the assignment of the right to purchase the Columbus Coated Fabrics site from the City of Columbus.

Campus Partners' $12 million of operating revenue for the year ended June 30, 2008, resulted primarily from retail and residential rental income generated from real estate holdings in South Campus Gateway, LLC (SCG). The increase over 2007 is a result of increased occupancy of the retail, residential, and office properties.

Campus Partners' major operating expenses for the year ended June 30, 2008, included ground lease rent (32.5%), salaries and wages (15.7%), and depreciation and amortization (14.3%). 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, an increase in real estate tax, higher depreciation expense, and an increase in bad debt expense, offset by a decrease in nonreimbursable costs incurred in conjunction with the CCF site project in the University District.

Nonoperating expenses for fiscal year 2008 primarily related to interest expense ($2.7 million).

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, the ground lease was amended during fiscal 2009 and ground rent was forgiven by the University during fiscal 2009 in the amount of $3 million, as reflected as an extraordinary item in the Statement of Revenues, Expenses, and Change in Net Assets. In fiscal 2007, there was $3.7 million of debt forgiven by the University relating to the capital assets that were transferred to the University during the year.

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 direct method. The four categories of presentation and their respective amounts for fiscal years 2009, 2008, and 2007 are as follows:

	2009	2008	2007
Net cash (used in) provided by operating activities	$ 459,579	$ (1,428,799)	$ (403,061)
Net cash (used in) investing activities	(24,288,923)	(5,253,788)	(5,534,543)
Net cash provided by capital financing activities	20,968,961	4,028,140	3,204,555
Net cash provided by noncapital financing activities	1,278,732	655,548	823,978

During fiscal 2009 net cash used by operating activities decreased by approximately $1.9 million due to an increase of cash received from tenants of approximately $1 million, a decrease in cash paid to suppliers of approximately $550,000, and a decrease in cash paid to employees of approximately $350,000. Net cash used by investing activities increased by approximately $19 million due to the purchase of the Holiday Inn for approximately $20 million, an increase in cash paid for The Ohio State University tenant space for approximately $1.3 million, offset by a reduction in the purchases of property, plant and equipment of approximately $1.4 million, and an increase in cash received from The Ohio State University for tenant space for approximately $700,000. Net cash provided by capital financing activities increased by approximately $16.9 million because of cash received from The Ohio State University of approximately $20 million in relation to the purchase of property and cash received from the Weinland Park Project of $800,000, offset by a reduction of cash received from grants of approximately $1.2 million, a reduction in grant disbursements of approximately $950,000, a reduction in borrowings of $2.5 million, and a decrease in notes receivable of approximately $1.1 million.

During fiscal 2008, net cash used in operating activities increased approximately $1 million primarily due to a $2 million increase in amounts paid to suppliers, partially offset by an approximate $1 million increase in cash received from tenants. Net cash provided by capital financing activities increased approximately $800,000 because of additional cash received from grants, monies received for note receivable, an increase in the overdraft payable, and additional amounts borrowed from loans. These amounts were partially offset by an increase in debt repayment, cash paid for interest and on grant disbursements.

Significant Events

On January 2, 2009, Campus Partners entered into an agreement to purchase the Holiday Inn on Lane Avenue from Harper Hotels, Inc. for $20 million. Campus Partners then sold the building to the University shortly thereafter for $20 million. Campus Partners recognized a $600,000 of fee income from The Ohio State University resulting from these transactions.

On May 1, 2009, a Memorandum of Understanding (MOU) was entered into with the University that forgave the remaining balance of the first element for the ground lease. This MOU resulted in a $3,095,489 forgiveness of ground lease payable which is reflected as an extraordinary item from the University in the Statement of Revenues, Expenses, and Changes in Net Assets.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF NET ASSETS AS OF JUNE 30, 2009 AND 2008

	2009		2008	
	Primary	**UDCDE**	**Primary**	**UDCDE**
ASSETS				
CURRENT ASSETS:				
Cash	$ 447,125	$ 563,581	$ 2,028,776	$ 41,049
Accounts receivable — net of allowance of doubtful accounts for $423,000 in 2009 and $204,000 in 2008	2,330,396	41,095	2,577,675	109,321
Grants receivable			348,006	
Notes receivable — current portion	20,000	229,901	41,178	212,150
Other assets	26,148		30,631	
Total current assets	2,823,669	834,577	5,026,266	362,520
CAPITAL ASSETS — Net of accumulated depreciation	51,757,571		50,782,094	
NOTES RECEIVABLE — Net of current portion	913,333		135,000	
NOTES RECEIVABLE FROM UDCDE		32,749,848		32,979,747
INVESTMENT IN UDCDE	140,841		140,841	
DEFERRED LOAN AND LEASE COSTS — Net	626,615		665,612	
TOTAL	$ 56,262,029	$ 33,584,425	$ 56,749,813	$ 33,342,267
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Bank overdraft	$ 38,316	$ -	$ 112,160	$ -
Current portion of loan payable	12,654,259		9,209,962	
Accounts payable	202,039		271,650	
Accrued liabilities	1,638,420		1,216,534	
Unearned tenant income	146,309		311,129	
Tenant deposits	391,352		340,339	
Total current liabilities	15,070,695	-	11,461,774	-
LONG-TERM LIABILITIES:				
Ground lease payable to related party	2,902,607		6,217,157	
Loans payable	19,555,764		19,462,000	
Loans payable to UDCDE	32,749,848		32,979,747	
Total long-term liabilities	55,208,219	-	58,658,904	-
Total liabilities	70,278,914	-	70,120,678	-
NET (DEFICIENCY IN) ASSETS:				
Invested in capital assets — net of related debt	(13,077,300)		(10,744,614)	
Unrestricted	(939,585)	33,584,425	(2,626,251)	33,342,267
Total net (deficiency in) assets	(14,016,885)	33,584,425	(13,370,865)	33,342,267
TOTAL	$ 56,262,029	$ 33,584,425	$ 56,749,813	$ 33,342,267

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, 2009 AND 2008

	2009		2008	
	Primary	**UDCDE**	**Primary**	**UDCDE**
OPERATING REVENUES:				
Rental income	$ 7,710,234	$ -	$ 7,477,323	$ -
Lease termination fee income			330,832	
Recovery of operating expenses	1,838,797		1,860,950	
Parking income	1,151,614		1,207,760	
Other income	440,419		549,710	
Gateway Theater sales less cost of goods sold of $536,741 in 2009 and $600,675 in 2008	605,430		672,462	
Investment income		1,884,108		1,940,123
Total operating revenues	11,746,494	1,884,108	12,099,037	1,940,123
OPERATING EXPENSES:				
Professional services	581,826		778,614	
Salaries and wages	1,943,930		2,218,012	
Ground lease expense	4,369,481		4,584,776	
Real estate taxes	1,150,085		1,044,937	
Depreciation and amortization expense	1,986,931		2,017,716	
Utilities	847,944		788,767	
Cleaning	372,720		312,468	
Security	708,540		706,948	
Repairs and maintenance	917,985		673,496	
Public relations	320,254		262,063	
Bad debt expense	808,192		369,483	
Miscellaneous	239,997	257	236,622	45
Office supplies and expense	126,681		89,009	
Total operating expenses	14,374,566	257	14,082,911	45
OPERATING (LOSS) INCOME	(2,628,072)	1,883,851	(1,983,874)	1,940,078
NONOPERATING REVENUES (EXPENSES):				
Operating subsidy received from The Ohio State University	650,000		650,000	
The Ohio State University tenant space revenue	1,543,822			
The Ohio State University tenant space expense	(1,543,822)		(208,711)	
Fee income from The Ohio State University	600,000			
Miscellaneous income	828,732		5,548	
Impairment and demolition expense	(635,328)		(533,849)	
Interest income	63,697		103,673	
Interest expense	(2,563,352)		(2,665,316)	
Total nonoperating expenses	(1,056,251)	-	(2,648,655)	-
(DECREASE) INCREASE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS (DISTRIBUTIONS)	(3,684,323)	1,883,851	(4,632,529)	1,940,078
CAPITAL CONTRIBUTIONS (DISTRIBUTIONS):				
Grant income	60,000		816,415	
Grant disbursements	(60,000)		(641,968)	
Transfer of assets to The Ohio State University	(57,182)			
Extraordinary item — forgiveness of ground lease payable to The Ohio State University	3,095,485			
Capital distributions from UDCDE		(1,641,693)		(2,184,305)
Capital contributions (distributions) — net	3,038,303	(1,641,693)	174,447	(2,184,305)
(DECREASE) INCREASE IN NET ASSETS	(646,020)	242,158	(4,458,082)	(244,227)
NET (DEFICIENCY IN) ASSETS — Beginning of year	(13,370,865)	33,342,267	(8,912,783)	33,586,494
NET (DEFICIENCY IN) ASSETS — End of year	$ (14,016,885)	$ 33,584,425	$ (13,370,865)	$ 33,342,267

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, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from tenants	$ 11,585,803	$ 10,530,950
Cash received from Gateway Theater	605,430	672,462
Cash paid to employees	(1,838,318)	(2,191,254)
Cash paid to suppliers	(9,893,336)	(10,440,957)
Net cash provided by (used in) operating activities	459,579	(1,428,799)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(3,380,809)	(5,111,965)
Purchase of Holiday Inn	(20,080,280)	
Interest received on cash	84,880	28,846
Payment of deferred leasing costs	(129,040)	(26,834)
Cash received from The Ohio State University tenant space income	760,148	64,876
Cash paid for The Ohio State University tenant space expense	(1,543,822)	(208,711)
Net cash (used in) investing activities	(24,288,923)	(5,253,788)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Cash received from grants	408,006	1,644,843
Cash received (paid) on grant disbursements	(60,000)	(1,003,743)
Cash received from loans	3,276,808	5,788,773
Debt repayment	(624,215)	(573,422)
Cash paid for interest	(1,908,158)	(1,958,591)
Cash received from The Ohio State University for Holiday Inn	20,080,280	
Cash received (paid) for note receivable	(780,000)	346,667
Cash received from Weinland Park Project	800,000	
Increase (decrease) in overdraft payable	(73,843)	112,160
Cash received on line of credit draw receivable		37,917
Other	(149,917)	(366,464)
Net cash provided by capital financing activities	20,968,961	4,028,140
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received as an operating subsidy from The Ohio State University	650,000	650,000
Cash received from fee income from The Ohio State University	600,000	
Cash received from miscellaneous nonoperating income	28,732	5,548
Cash provided by noncapital financing activities	1,278,732	655,548
NET DECREASE IN CASH	(1,581,651)	(1,998,899)
CASH — Beginning of year	2,028,776	4,027,675
CASH — End of year	$ 447,125	$ 2,028,776

(Continued)

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Net operating loss	$ (2,628,072)	$ (1,983,874)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation and amortization	1,986,931	2,017,716
Bad debt expense	808,192	369,483
(Increase) decrease in assets:		
Accounts receivable	558,545	(1,112,098)
Other assets	7,316	(8,405)
(Decrease) increase in liabilities:		
Accounts payable	(69,612)	(210,466)
Ground lease payable	(219,985)	(215,150)
Unearned rent	(164,820)	159,330
Rent deposits	51,014	57,143
Accrued liabilities	130,070	(502,478)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 459,579	$ (1,428,799)
SUPPLEMENTAL DISCLOSURES — Noncash activity:		
Property purchases in accounts payable and accrued liabilities	$ 209,331	$ 188,561
Transfer of capital assets to The Ohio State University	$ 57,182	$ -
Forgiveness of debt due to The Ohio State University	$ 3,095,489	$ -
Interest incurred and added to debt	$ 655,539	$ 706,986
Ground rent paid by accrued bond interest	$ 439,044	$ 1,098,121

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 that 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 South Campus Gateway LLC (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. Therefore, the ability of Campus Partners to impose its will on GARI is manifest in that Campus Partners has the ability to dissolve the entity at any time. In fiscal year 2004, the title to the land was transferred to the University.

- Redstone Realty LLC (Redstone) was created to purchase the land and buildings near the main campus of the University. Campus Partners is the sole member of Redstone. Therefore, the ability of Campus Partners to impose its will on Redstone is manifest in that Campus Partners has the ability to dissolve the entity at any time. Redstone is consolidated in the Real Estate II and III Division of Campus Partners in the accompanying supplemental schedules.

- 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 the remaining 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.

- 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 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 because UDCDE is considered 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 non-exchange 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 — Campus Partners' financial instruments that are exposed to concentrations of credit risk consist of cash. Cash is on deposit with four banking institutions.

At June 30, 2009, the carrying amounts of Campus Partners' deposits with financial institutions totaled \$408,809 compared to bank balances of \$731,025. At June 30, 2008, the carrying amounts of Campus Partners' deposits with financial institutions totaled \$1,916,616 compared to bank balances of \$2,474,313. Outstanding checks and deposits in transit cause the differences in the carrying amounts and bank balances. Based upon criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase and Reverse Repurchase Agreements*, \$250,000 of the bank balance in each legal entity was covered by deposit insurance provided by the Federal Deposit

Insurance Corporation (FDIC) ($100,000 prior to October, 2008). In fiscal years 2009 and 2008, $0 and $1,931,971, respectively, was uncollateralized as defined by GASB. However, to mitigate any risk of loss, Campus Partners maintains its cash in four large financial institutions; consequently, management believes it is not exposed to any specific concentration of credit risk in relation to cash.

Accounts Receivable — Receivables are reported at their gross value when earned as the underlying exchange transaction occurs, and reduced by the estimated portion deemed 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. Campus Partners 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, 2009 and 2008, such receivables (included in accounts receivable) were $557,549 and $430,507, respectively.

Concentration of Credit Risk — For the years ended June 30, 2009 and 2008, Campus Partners had rental revenue generated from one tenant, which represented greater than 10% of Campus Partners' revenue. Revenue from this tenant was $1 million at June 30, 2009 and 2008, which represents 13% and 13.4% of Campus Partners' revenue, respectively.

Grants Receivable — Grants receivable represent funds due to 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 collectability 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 2009 and 2008, Campus Partners incurred interest totaling $2,563,352 and $2,665,316, respectively, of which no interest was capitalized in fiscal 2009 and 2008.

During fiscal 2009 and 2008, Campus Partners recorded an impairment charge on recent property acquisitions of approximately $635,000 and $520,000 respectively, which is reflected as impairment and demolition expense in the accompanying Consolidated Statement of Revenues, Expenses, and Changes in Net Assets.

Deferred Loan and Lease 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, 2009 and 2008, accumulated amortization totaled $485,198 and $359,605, respectively.

Grants Payable — Grants payable represent funds due to 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.

Ground 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, 2009 and 2008, such payables were $2,902,607 and $6,217,157, respectively.

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

2. RELATED-PARTY TRANSACTIONS

In fiscal years 2009 and 2008, the University provided $650,000 each year, 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 for $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, 2009 and 2008, the agreement remained in effect.

During fiscal year 2009 and 2008, there were $57,182 and $0 of nonretail development and building construction costs transferred to the University, respectively. During fiscal year 2007, title to $3.7 million 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 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 4).

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 $1,183,472 and $1,125,220 for 2009 and 2008, respectively, and is included in rental income.

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 2009 and 2008, Campus Partners incurred $492,902 and $635,542, respectively, of which $256,000 and $227,000 were accrued at June 30, 2009 and 2008, respectively.

On January 2, 2009, Campus Partners entered into an agreement to purchase the Holiday Inn on Lane Avenue from Harper Hotels, Inc. and recognized $20 million in expense related to the purchase. Campus Partners sold the building to the University shortly thereafter, and recognized an offsetting $20M in revenue related to the sale. Campus Partners recognized a total net of $600,000 of fee income during these transactions during fiscal year 2009.

On May 1, 2009, a Memorandum of Understanding (MOU) was entered into with the University that forgave the remaining balance of the first element for the ground lease. Per the MOU, all payables made after the November 2008 payment will be forgiven. This MOU resulted in a $3,095,489 forgiveness of ground lease payable which is reflected as a contribution from the University in the Statement of Revenues, Expenses, and Changes in Net Assets.

3. CAPITAL ASSETS

Capital asset activities for the years ended June 30, 2009 and 2008, are as follows:

	June 30, 2008	Additions	Disposals	Transfers	June 30, 2009
Land	$ 3,509,511	$ 519,800	$ -	$ -	$ 4,029,311
Depreciable assets:					
Buildings and improvements	51,962,452	2,781,407	(559,999)	(57,182)	54,126,677
Equipment	294,485	95,243			389,728
Total depreciable assets	52,256,937	2,876,650	(559,999)	(57,182)	54,516,406
Construction in progress					-
Total capital assets	55,766,448	3,396,450	(559,999)	(57,182)	58,545,717
Less accumulated depreciation and amortization for:					
Buildings and improvements	(4,800,512)	(1,762,129)	42,794		(6,519,847)
Equipment	(183,841)	(84,458)			(268,299)
Total accumulated depreciation and amortization	(4,984,353)	(1,846,587)	42,794	-	(6,788,146)
Net capital assets	$ 50,782,094	$ 1,549,863	$ (517,205)	$ (57,182)	$ 51,757,571

	June 30, 2007	Additions	Disposals	Transfers	June 30, 2008
Land	$ 2,673,411	$ 836,100	$ -	$ -	$ 3,509,511
Depreciable assets:					
Buildings and improvements	48,456,583	3,867,668	(628,459)	266,659	51,962,452
Equipment	212,661	81,824			294,485
Total depreciable assets	48,669,244	3,949,492	(628,459)	266,659	52,256,937
Construction in progress	266,659			(266,659)	-
Total capital assets	51,342,655	4,785,592	(628,459)	-	55,766,448
Less accumulated depreciation and amortization for:					
Buildings and improvements	(3,129,339)	(1,730,786)	59,613		(4,800,512)
Equipment	(154,063)	(29,778)			(183,841)
Total accumulated depreciation and amortization	(3,283,402)	(1,760,564)	59,613	-	(4,984,353)
Net capital assets	$ 48,325,912	$ 3,025,028	$ (568,846)	$ -	$ 50,782,094

4. OPERATING LEASES

At June 30, 2009, 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, 2009, and the new leases entered into subsequent to year-end are as follows:

Years Ending June 30	
2010	$ 4,533,847
2011	4,393,453
2012	4,255,822
2013	4,246,292
2014	4,253,952
2015–2019	15,817,652
2020–2024	10,766,345
2025–2029	2,360,156
Total	$ 50,627,519

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 on 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 5). The interest rate used to calculate monthly payments is a blend of fixed and variable rates based on the University's 2003 B and C General Receipt Bond Issues (4.61% at June 30, 2009 and 2008).

On May 1, 2009 the lease was amended to reduce the monthly payments by $83,333 for a cumulative forgiveness on the lease of $3,095,485 reflected as an extraordinary item on the Statement of Revenues, Expenses and Changes in Net Assets. As of June 30, 2009, the total minimum lease payments due under the lease, including the amendments are:

Years Ending June 30	
2010	$ 5,606,031
2011	4,898,247
2012	4,898,247
2013	4,898,247
2014	4,898,247
2015–2019	24,491,235
2020–2024	24,491,235
2025–2029	23,056,704
2030–2034	19,034,126
2035–2039	238,915
2040–2045	
Total	$ 116,511,234

5. LOANS PAYABLE

Loan activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Principal Additions	Repayments	Ending Balance	Current Portion
Campus Partners:					
City of Columbus Loan	$ 125,000	$ -	$ -	$ 125,000	$ 125,000
OSU $5.7M loan	2,704,362	3,072,144		5,776,506	5,776,506
RE III $5M Line of Credit	5,756,889	353,218		6,110,107	6,110,107
OSU 2005 MOU — Sun Longs	2,074,062	103,870		2,177,932	
OSU 2005 MOU — RE II	1,019,608	51,092		1,070,700	
Garland Mortgage Note — Sun Longs	435,921		(12,065)	423,856	12,745
South Campus Gateway:					
OSU $5M Line of Credit	4,710,637	352,052		5,062,689	
UDCDE Note A	22,815,406		(212,150)	22,603,256	229,901
UDCDE Note B	10,376,491			10,376,491	
ESIC $12M Loan	11,633,333		(400,000)	11,233,333	400,000
Total debt	$ 61,651,709	$ 3,932,377	$ (624,215)	$ 64,959,871	$ 12,654,259

Loan activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Principal Additions	Repayments	Ending Balance	Current Portion
Campus Partners:					
City of Columbus Loan	$ 125,000	$ -	$ -	$ 125,000	$ 125,000
OSU $5.7M loan		2,704,362		2,704,362	2,704,362
RE III $5M					
Line of Credit	5,423,998	332,891		5,756,889	5,756,889
OSU 2005					
MOU — Sun Longs	1,973,520	100,542		2,074,062	
OSU 2005					
MOU — RE II	970,182	49,426		1,019,608	
Garland Mortgage					
Note — Sun Longs		444,545	(8,624)	435,921	11,561
South Campus Gateway:					
OSU $5M					
Line of Credit	1,846,644	2,863,993		4,710,637	
UDCDE Note A	23,013,537		(198,131)	22,815,406	212,150
UDCDE Note B	10,376,491			10,376,491	
ESIC $12M Loan	12,000,000		(366,667)	11,633,333	400,000
Total debt	$ 55,729,372	$ 6,495,759	$ (573,422)	$ 61,651,709	$ 9,209,962

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, 2009, 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 $6,110,107 and $5,756,889 at June 30, 2009 and 2008, 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 $3,248,602 and $3,093,670 as of June 30, 2009 and 2008, 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. This line of credit was reduced to $5 million during fiscal year ended June 30, 2006. 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, 2009 and 2008, no assets were transferred to the University. Annual interest charged on the outstanding balance is the average one-month LIBOR rate plus 1.5% (3.33% and 4.81 % at June 30, 2009 and 2008, respectively) and is calculated and paid quarterly. The principal amount outstanding on this line of credit was $4,915,300 with interest incurred of $147,388 at June 30, 2009. The net principal and interest due at June 30, 2008 was $4,710,637. During fiscal year 2008, the expiration date was extended to December 20, 2010.

In the fiscal year ended June 30, 2004, the University issued 2003 B 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 pro rata 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 $2,729 and $57,472 for fiscal years ended June 30, 2009 and 2008, respectively, with $0 and $436,314 in accounts receivable in 2009 and 2008, respectively. During fiscal year 2009 and 2008, $439,044 and $1,098,321, respectively, 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 the fiscal years ended June 30, 2009 and 2008, assets transferred to the University in exchange for a reduction on the MOU balance totaled $0.

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 for $24,762,500 from UDCDE sufficient for the Investor Member to pay its loan from Fifth Third CDC in full. Campus Partners is in compliance with all required financial covenants associated with this loan as of June 30, 2009.

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 in August of 2007 with the remaining $10.4 million balance due in August of 2011. The amount outstanding on the loan was $11,233,333 and $11,633,333 at June 30, 2009 and 2008, respectively. Annual interest charged on the outstanding balance is 0% at June 30, 2009 and 2008. Campus Partners is in compliance with all required financial covenants associated with this loan as of June 30, 2009.

During fiscal 2008, the University Board of Trustees approved an additional allocation of capital for property acquisitions for targeted Campus Partners projects. Funding of this additional capital is contingent upon Campus Partners and the University agreeing upon a Campus Partners five-year business plan and related performance measures. In order to allow Campus Partners to continue acquiring properties prior to the capital funding contingencies being met, Campus Partners and the University entered into a MOU for a $5.7 million line of credit. The line of credit may be increased to $10 million if additional acquisition opportunities arise, are consistent with Campus Partners strategic plan and are approved by the Campus Partners' Board of Directors. The line of credit will be repaid with capital funding and is non-interest bearing. As of June 30, 2009, the outstanding balance on the line of credit was $5,776,506.

During fiscal 2008, Campus Partners acquired a 100% interest in a limited liability company, Garland Properties IV, Ltd., whose sole assets are two real estate investment properties located at 28-32 and 36-38 East Fourteenth Avenue. In conjunction with this acquisition, Campus Partners entered into an arrangement whereby the seller of the limited partnership provided Campus Partners with a mortgage loan in the principal amount of $444,546, which matures on September 10, 2013. As of June 30, 2009, the outstanding balance was $423,856. The loan had an interest rate of 5.5% through September 9, 2008. At September 10, 2008 and going forward, the interest rate was adjusted to equal the weekly average on the United States Treasury securities, adjusted to a constant maturity of five years, as published by the Federal Reserve Board in Statistical Release H-15. The interest rate will not be adjusted lower than the initial rate of 5.5% and will not exceed 15%, except upon the occurrence of default.

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

Years Ending	**Future Repayment Schedule**	
June 30	**Principal**	**Interest**
2010	$ 12,654,259	$ 2,250,341
2011	19,407,226	1,999,716
2012	279,258	1,853,260
2013	21,874,214	517,042
2014	368,395	55,974
2015–2019		263,160
2020–2024		263,304
2025–2029		263,160
2030–2034		263,160
2035–2039	10,376,491	65,862
Total	$ 64,959,843	$ 7,794,979

6. 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:

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

b. *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.

c. *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 2009, member and employer contribution rates were consistent across all three plans. The 2009 member contribution rates were 10.0% for members in state, local, and 10.10% for public safety classifications. In 2009, state employers contributed at a rate of 14.00% of covered payroll. The portion of employer contributions, for all employers, allocated to health care was 7% from January 1 through June 30, 2007 and 6% from July 1 through December 31, 2007. The covered payroll amounts in 2009, 2008 and 2007 were $205,785, $325,672, and $405,999, respectively. The portion of Campus Partners' 2009, 2008 and 2007 contributions that were used to fund postemployment benefits was $1,984, $3,139, and $2,795, respectively.

The assumptions and calculations below were based on the OPERS's latest Actuarial Review performed as of December 31, 2007. 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 2007 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 6.3%, 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 4% for the next 7 years. In subsequent years (nine 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, 2007, the actuarial value of the OPERS's net assets available for OPEB was $12.8 billion. The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of contributing participants for both plans used in the actuarial valuation as of December 31, 2007, was 364,076. Based on the actuarial cost method used, the actuarial valuation as of December 31, 2007, reported the actuarial accrued liability and the unfunded actuarial liability for OPEB at $29.8 billion and $17.0 billion, respectively.

The Health Care Preservation Plan adopted by the OPERS Retirement Board on September 9, 2004, is effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2008 and 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.

7. 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 7 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 for $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, 2009 and 2008, 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, 2009 and 2008, Campus Partners' capital contributions totaled $140,841.

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

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

Economic Concentration — At June 30, 2009, UDCDE has loans receivable with SCG totaling $32,979,747 (Note A and Note B in the principal amounts of $22,603,256 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 5.

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* UDCDE 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, 2008.

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

Years Ending June 30	
2010	$ 2,100,000
2011	2,100,000
Total	$ 4,200,000

8. 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.

9. SUBSEQUENT EVENTS

On July 7, 2009, Campus Partners entered into an agreement with JPMorgan Chase for a grant in the amount of $450,000 to support the Weinland Park Vacant Property Acquisition and Rehabilitation.

* * * * * *

SUPPLEMENTAL INFORMATION

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

CONSOLIDATING SCHEDULE — STATEMENT OF NET ASSETS INFORMATION AS OF JUNE 30, 2009

	Operating Division	Longs/Sun Division	Real Estate II and III Division	Campus Partners SCG	Total Campus Partners	Gateway Area Revitalize Initiative	South Campus Gateway	The Gateway Theatre	Subtotal	Eliminations	Consolidated Total
ASSETS											
CURRENT ASSETS:											
Cash	$ 13,441	$ 5,692	$ 841	$ 225,247	$ 245,221	$3,297	$ 179,855	$ 18,752	$ 447,125	$ -	$ 447,125
Accounts receivable	44,334	292,010	12,308	521,458	870,110		1,388,054	72,232	2,330,396		2,330,396
Grants receivable											-
Notes receivable							20,000		20,000		20,000
Other assets	1,643	3,114	4,884	430	10,071		275	15,802	26,148		26,148
Total current assets	59,418	300,816	18,033	747,135	1,125,402	3,297	1,588,184	106,786	2,823,669	-	2,823,669
CAPITAL ASSETS — Net of accumulated depreciation	17,771	5,366,557	5,482,721	41,763,246	52,630,295			20,823	52,651,118	(893,547)	51,757,571
NOTES RECEIVABLE — Net of current portion	800,000				800,000		113,333		913,333		913,333
INVESTMENT IN UDCDE	140,841				140,841				140,841		140,841
DEFERRED LOAN AND LEASE COSTS — Net				527,342	527,342		99,273		626,615		626,615
TOTAL	$ 1,018,030	$ 5,667,373	$ 5,500,754	$ 43,037,723	$ 55,223,880	$3,297	$ 1,800,790	$127,609	$ 57,155,576	$(893,547)	$ 56,262,029
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES:											
Bank overdraft	$ -	$ -	$ -	$ -	$ -	$ -	$ 38,316	$ -	$ 38,316	$ -	$ 38,316
Current portion of loan payable	5,901,506	12,746	6,110,106		12,024,358		629,901		12,654,259		12,654,259
Accounts payable	821	4,674	152,062	3,796	161,353		73	40,613	202,039		202,039
Accrued liabilities	398,339	75,879	69,340	71,093	614,651	328	998,008	25,433	1,638,420		1,638,420
Unearned tenant income		14,432		48,515	62,947		73,141	10,221	146,309		146,309
Tenant deposits		41,494	78,205	221,142	340,841		50,511		391,352		391,352
Total current liabilities	6,300,666	149,225	6,409,713	344,546	13,204,150	328	1,789,950	76,267	15,070,695	-	15,070,695
LONG-TERM LIABILITIES:											
Ground lease payable				2,902,607	2,902,607				2,902,607		2,902,607
Loans payable		2,589,041	1,070,700		3,659,741		15,896,023		19,555,764		19,555,764
Loans Payable to UDCDE							32,749,848		32,749,848		32,749,848
Total long-term liabilities	-	2,589,041	1,070,700	2,902,607	6,562,348	-	48,645,871	-	55,208,219	-	55,208,219
Total liabilities	6,300,666	2,738,266	7,480,413	3,247,153	19,766,498	328	50,435,821	76,267	70,278,914	-	70,278,914
NET (DEFICIENCY IN) ASSETS:											
Invested in capital assets — net of related debt	(5,758,735)	2,764,769	(1,698,084)	41,763,246	37,071,196		(49,275,772)	20,823	(12,183,753)	(893,547)	(13,077,300)
Unrestricted	476,099	164,338	(281,575)	(1,972,676)	(1,613,814)	2,969	640,741	30,519	(939,585)		(939,585)
Total net (deficiency in) assets	(5,282,636)	2,929,107	(1,979,659)	39,790,570	35,457,382	2,969	(48,635,031)	51,342	(13,123,338)	(893,547)	(14,016,885)
TOTAL	$ 1,018,030	$ 5,667,373	$ 5,500,754	$ 43,037,723	$ 55,223,880	$3,297	$ 1,800,790	$127,609	$ 57,155,576	$(893,547)	$ 56,262,029

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, 2009

	Operating Division	Longs/Sun Division	Real Estate II and III Division	Campus Partners SCG	Total Campus Partners	Gateway Revitalize Initiative	South Campus Gateway	The Gateway Theatre	Subtotal	Eliminations	Consolidated Total
OPERATING REVENUES:											
Rental income	$ -	$ 520,090	$ 420,352	$ 3,413,466	$ 4,353,908	$ -	$ 3,648,786	$ -	$ 8,002,694	$ (292,460)	$ 7,710,234
Recovery of operating expenses		152,770		533,874	686,644		1,495,470		2,182,114	(343,317)	1,838,797
Parking income				1,151,614	1,151,614				1,151,614		1,151,614
Other operating income				38,511	38,511		230,762	171,146	440,419		440,419
Ground rent income				1,704,097	1,704,097				1,704,097	(1,704,097)	-
Theater sales — net								605,430	605,430		605,430
Total operating revenues	-	672,860	420,352	6,841,562	7,934,774	-	5,375,018	776,576	14,086,368	(2,339,874)	11,746,494
OPERATING EXPENSES:											
Professional services	192,733	20,941	74,482	92,254	380,410	608	89,282	111,526	581,826		581,826
Salaries and wages	492,902			727,457	1,220,359		276,789	446,782	1,943,930		1,943,930
Ground lease expense				4,369,481	4,369,481		1,704,097		6,073,578	(1,704,097)	4,369,481
Real estate taxes		138,276	145,105		283,381		866,704		1,150,085		1,150,085
Depreciation and amortization expense	8,107	141,340	123,265	1,640,838	1,913,550		51,795	21,586	1,986,931		1,986,931
Utilities	8,661	69,168	33,038	565,532	676,399		57,056	114,489	847,944		847,944
Cleaning	4,850	20,156	14,816	231,883	271,705		40,311	60,704	372,720		372,720
Security	494	2,044		406,908	409,446		299,922	(828)	708,540		708,540
CAM charges								343,317	343,317	(343,317)	-
Repairs and maintenance	4,257	62,649	222,899	439,797	729,602		127,128	61,255	917,985		917,985
Rent expense					0			292,460	292,460	(292,460)	-
Public relations	13,168	674	5,297	9,823	28,962		168,346	122,946	320,254		320,254
Bad debt expense	14	67,419	17,708		85,141		632,693	90,358	808,192		808,192
Miscellaneous	23,798	13,169	14,723	70,895	122,585		57,643	59,769	239,997		239,997
Office supplies and expenses	13,294	37	321	26,878	40,530		13,721	72,430	126,681		126,681
Total operating expenses	762,278	535,873	651,654	8,581,746	10,531,551	608	4,385,487	1,796,794	16,714,440	(2,339,874)	14,374,566
OPERATING (LOSS) INCOME	(762,278)	136,987	(231,302)	(1,740,184)	(2,596,777)	(608)	989,531	(1,020,218)	(2,628,072)	-	(2,628,072)
NONOPERATING (EXPENSES) REVENUES:											
Operating subsidy received from The Ohio State University	650,000				650,000				650,000		650,000
Intercompany operating subsidy	(4,099,819)	1,163,611	1,192,234	292,938	(1,451,036)		533,204	917,832			
The Ohio State University tenant space income				487,000	487,000		1,056,822		1,543,822		1,543,822
The Ohio State University tenant space expense				(487,000)	(487,000)		(1,056,822)		(1,543,822)		(1,543,822)
Fee Income from The Ohio State University	600,000				600,000				600,000		600,000
Other nonoperating income	800,000				800,000				800,000		800,000
Miscellaneous income	50	1,823	2,719	4,576	9,168		17,721	1,843	28,732		28,732
Impairment and demolition expense			(475,872)	(159,456)	(635,328)				(635,328)		(635,328)
Interest income	41,509	1,135			42,644		21,053		63,697		63,697
Interest expense		(127,545)	(404,310)		(531,855)		(2,031,497)		(2,563,352)		(2,563,352)
Total nonoperating (expenses) revenues	(2,008,260)	1,039,024	314,771	138,058	(516,407)	-	(1,459,519)	919,675	(1,056,251)	-	(1,056,251)
(DECREASE) INCREASE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS (DISTRIBUTIONS)	(2,770,538)	1,176,011	83,469	(1,602,126)	(3,113,184)	(608)	(469,988)	(100,543)	(3,684,323)	-	(3,684,323)
CAPITAL CONTRIBUTIONS (DISTRIBUTIONS):											
Grant income	60,000				60,000				60,000		60,000
Extraordinary item — forgiveness of ground lease payable to The Ohio State University				3,095,485	3,095,485				3,095,485		3,095,485
Grant disbursement	(60,000)				(60,000)				(60,000)		(60,000)
Transfer of assets to The Ohio State University				(57,182)	(57,182)				(57,182)		(57,182)
				1,330,990	1,330,990		(1,330,990)				-
Total capital contributions (distributions)	-	-	-	4,369,293	4,369,293	-	(1,330,990)	-	3,038,303	-	3,038,303
(DECREASE) INCREASE IN NET ASSETS	(2,770,538)	1,176,011	83,469	2,767,167	1,256,109	(608)	(1,800,978)	(100,543)	(646,020)	-	(646,020)
NET ASSETS (DEFICIENCY IN) — Beginning of year	(2,512,088)	1,753,097	(2,063,127)	37,053,398	34,231,280	3,577	(46,864,061)	151,886	(12,477,318)	(893,547)	(13,370,865)
NET (DEFICIENCY IN) ASSETS — End of year	$(5,282,626)	$2,929,108	$(1,979,658)	$39,820,565	$35,487,389	$2,969	$(48,665,039)	$ 51,343	$(13,123,338)	$ (893,547)	$(14,016,885)

NOTE TO SUPPLEMENTAL CONSOLIDATING SCHEDULES AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

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, Ohio

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 year ended June 30, 2009, and have issued our report thereon dated October 23, 2009. 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, and correct 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 generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

October 23, 2009

Mary Taylor, CPA
Auditor of State

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT 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
DECEMBER 8, 2009

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