UNIVERSITY HOUSING CORPORATION

Financial Report
for the Years Ended July 31, 2011 and 2010

Board of Directors
University Housing Corporation
One University Plaza
Youngstown, Ohio 44555

We have reviewed the *Report of Independent Auditors* of the University Housing Corporation, Mahoning County, prepared by Crowe Horwath LLP, for the audit period August 1, 2010 through July 31, 2011. 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 University Housing Corporation is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

January 10, 2012

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Crowe Horwath LLP
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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
University Housing Corporation
Youngstown, Ohio

We have audited the accompanying statements of financial position of University Housing Corporation (the "Corporation") as of July 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of July 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated October 13, 2011 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 results of our audit.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 13, 2011

STATEMENTS OF FINANCIAL POSITION

	July 31, 2011	July 31, 2010
ASSETS		
Current Assets		
Cash	$ 51,036	$ 355,556
Accounts receivable, net	-	3,319
Interest receivable	-	8,476
Investments	158,247	3,935,556
Prepaid expenses	-	33,406
Total Current Assets	**209,283**	**4,336,313**
Property, Facilities, and Equipment	**-**	**14,630,786**
Other Assets		
Bond issue costs, net	-	301,806
TOTAL ASSETS	**$ 209,283**	**$19,268,905**
LIABILITIES & NET ASSETS (DEFICIT)		
Liabilities		
Current Liabilities		
Accounts payable	$ -	$ 1,620
Accrued bond interest payable	-	67,820
Bonds payable, current portion	-	220,000
Interest rate swap, current portion	-	669,800
Prepaid rent	-	24,921
Due to Ambling Companies	-	9,526
Security deposits	-	82,344
Other accruals	-	21,071
Total Current Liabilities	**-**	**1,097,102**
Long Term Debt		
Bonds payable	-	20,630,000
Interest rate swap	-	575,114
Loan payable - Youngstown State University Foundation	-	93,268
Total Long Term Debt	**-**	**21,298,382**
Total Liabilities	**$ -**	**22,395,484**
Unrestricted Net Assets (Deficit)	**209,283**	**(3,126,579)**
TOTAL LIABILITIES & NET ASSETS (DEFICIT)	**$ 209,283**	**$19,268,905**

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

	Year ended July 31, 2011	2010
Revenues		
Rental income	$ 2,223,343	$ 2,380,122
Interest income	98,884	101,427
Other income	65,794	69,017
Total Revenue	**2,388,021**	**2,550,566**
Expenses		
Administrative	38,007	41,930
Contract services	138,283	74,939
Interest expense	759,599	833,339
Bond fees	192,664	186,825
Depreciation and amortization expense	860,458	618,241
Bad debt expense	5,746	15,921
Management fees	104,786	114,312
Advertising costs	23,457	16,556
Payroll and payroll-related	156,385	183,928
Accounting and legal	56,405	42,444
Repairs and maintenance	103,755	107,807
Insurance and taxes	38,449	43,730
Unit utilities expense	227,081	248,935
Total Expenses	**2,705,075**	**2,528,907**
Increase (Decrease) in Unrestricted Net Assets before other items	**(317,054)**	**21,659**
Contribution of capital from Younstown State University	3,042,902	-
Fair value of interest rate swap adjustment	610,014	223,627
Increase in Unrestricted Net Assets	**3,335,862**	**245,286**
Unrestricted Net Deficit at beginning of year	**(3,126,579)**	**(3,371,865)**
Unrestricted Net Assets (Deficit) at July 31	**$ 209,283**	**$ (3,126,579)**

STATEMENTS OF CASH FLOWS

	Year ended July 31, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in unrestricted net assets	$ 3,335,862	$ 245,286
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	860,458	618,241
Fair value of interest rate swap adjustment	(610,014)	(223,627)
Contribution of capital from Youngstown State University	(3,042,902)	-
Changes in assets and liabilities attributable to gain on sale of property, facilities, and equipment	194,402	-
Changes in assets and liabilities:		
Accounts receivable, net	3,319	2,546
Interest receivable	8,476	(8,476)
Prepaid expenses	33,406	23,631
Accounts payable	(1,620)	(25,666)
Accrued bond interest payable	(67,820)	(2,525)
Prepaid rent	(24,921)	(47,026)
Due to Ambling Companies	(9,526)	(100)
Security deposits	(82,344)	12,922
Other accruals	(21,071)	9,041
NET CASH PROVIDED BY OPERATING ACTIVITIES	**575,705**	**604,247**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, facilities, and equipment	(17,555)	(3,054)
Cash proceeds from sale of property, facilities, and equipment	16,938,189	-
Purchases of investments	(23,709,234)	(3,578,461)
Sales of investments	27,486,543	3,252,413
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	**20,697,943**	**(329,102)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan payments to Youngstown State University Foundation	(93,268)	(10,503)
Settlement of interest rate swap	(634,900)	-
Principal payments on debt	(20,850,000)	(175,000)
NET CASH (USED IN) FINANCING ACTIVITIES	**(21,578,168)**	**(185,503)**
NET (DECREASE) INCREASE IN CASH	(304,520)	89,642
CASH AT BEGINNING OF YEAR	355,556	265,914
CASH AT END OF YEAR	**$ 51,036**	**$ 355,556**

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2011 AND 2010

Note 1 – Organization

Nature of Business
University Housing Corporation (the Corporation) was formed on July 18, 2001 to further the educational mission of Youngstown State University (University) by developing and owning housing for the students, faculty and staff of the University. Its rental units were located in Youngstown, Ohio and housed approximately 400 residents.

As disclosed in more detail in Note 5, in June 2011, the Corporation sold its University Courtyard Apartments to the University and the University assumed the Corporation's contracts.

Management Agreement
The Corporation entered into a Management Agreement with Ambling Management Company (Ambling Management) to manage the operations of the student housing facility and act as its leasing agent. The Management Agreement was effective August 1, 2008 and expired June 30, 2011 when the Corporation sold its University Courtyard Apartments to the University. Under the Management Agreement, Ambling Management received a monthly management fee of $9,526. The Corporation owed Ambling Management $9,526 at July 31, 2010 for management fees, which is recorded in Due to Ambling Companies on the statement of financial position. There was no outstanding receivable at July 31, 2011. In fiscal year 2011 and 2010, additional payments to Ambling Management included:

Reimbursement for:	2011	2010
Payroll and payroll related	$156,369	$181,336
Administrative expenses	-	4,336
Total	$156,369	$185,672

Note 2 – Summary of Significant Accounting Policies

Financial Statement Presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Entities*. Under ASC 958, the Corporation is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition
The Corporation recognized revenue for rent in the period that it was due from the tenant.

Cash
The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Corporation maintains its cash balances in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. The Corporation's deposits may at times exceed the insured limit.

Restrictions on Cash and Investments
Certain restrictions on cash and investments were required per the Reimbursement Agreement (see Note 6). The Reimbursement Agreement limited the use of some of these amounts to principal and interest payments on the bonds. As of July 31, 2010,$3,885,495 of cash and investments were restricted for these purposes. With the repayment of the bonds (see Note 6) there is no longer a Reimbursement Agreement.

Note 2 – Summary of Significant Accounting Policies *(continued)*

Property, Facilities and Equipment
Property, facilities and equipment were recorded at cost. Renewals and replacements of a routine nature were expensed, while those that extended or improved the life of existing properties were capitalized. The Corporation's capitalization threshold for furniture, fixtures and equipment was $1,000; and for buildings and building improvements the threshold was $25,000.

Assets were depreciated by the straight-line method over their estimated useful lives once the assets had been placed into service (see Note 5). Leased equipment was amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment.

When applicable, the Corporation capitalizes interest in accordance with ASC 835, *Interest*, which requires the Corporation to capitalize interest costs of restricted tax-exempt borrowings less any interest earned on temporary investment of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use.

Financial Instruments
The carrying values of cash, accounts receivable, accounts payable, bonds payable and liabilities associated with the interest rate swap approximate their carrying values due to the short-term nature of these financial instruments. The carrying values of the Corporation's long-term obligations approximated fair value as changes in the fair value of the interest rate swap are included in the statement of activities.

Bond Issue Costs
The costs related to the issuance of bonds were capitalized and amortized using the straight-line method over the life of the bonds.

Security Deposits
Each tenant was required to pay a refundable security deposit. The security deposit or any portion thereof may be withheld for unpaid rent or damage in excess to normal wear and tear to the premises, common areas, major appliances and furnishings. The security deposit was recorded as a liability on the statement of financial position.

Derivatives and Hedging Activities
The Corporation followed ASC 815, *Derivatives and Hedging*, which requires derivative financial instruments, such as interest rate swaps, to be recognized as assets or liabilities in the statement of financial position at fair value. Additional guidance requires disclosure for the current and future periods.

The fair value of the interest rate swap reflected the present value of the future potential gains (losses), if settlement were to take place. The Corporation did not designate its derivative instrument as a hedging instrument, thus gains and losses on the derivative instrument were recognized in the statement of activities during the period of change (see Note 6).

Net Assets
The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Note 2 – Summary of Significant Accounting Policies *(continued)*

Temporarily restricted net assets are those whose use has been limited by donor-imposed time or purpose restrictions. Permanently restricted net assets are net assets required by donor restriction or by law to be maintained by the Corporation in perpetuity. Unrestricted net assets are all other net assets.

Advertising Costs

The Corporation incurs advertising costs in the form of television, radio, newspaper and other print ads. Such costs were expensed as incurred.

Advertising costs charged to expense were $23,457 in fiscal year 2011 and $16,556 in fiscal year 2010.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to July 31, 2011 to determine the need for any adjustments to and/or disclosures within the audited combined financial statements for the year ended July 31, 2011. Management has performed their analysis of subsequent events through October 13, 2011 the date the financial statements were available for issuance.

Federal Income Taxes

The Corporation is a not-for-profit corporation as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Accounting principles generally accepted in the United States prescribe recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at July 31, 2011 and 2010 and does not expect this to change in the next 12 months.

The Corporation would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Corporation has no amounts accrued for interest or penalties as of July 31, 2011 and 2010. The Corporation is no longer subject to examination by taxing authorities for the years before 2008.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 3 – Accounts Receivable

Accounts receivable were recorded at net realizable value with an allowance for doubtful accounts of $200 at July 31, 2010. There was no allowance at July 31, 2011. The allowance was determined based on historical losses and recoveries. Uncollected balances were written off in the year turned over to collection. Recoveries were recorded in the year received.

Note 3 – Accounts Receivable *(continued)*

The Corporation did not accrue interest on any of its accounts receivable.

Note 4 – Investments

Investments consist of the following as of July 31, 2011 and 2010:

	July 31, 2011	July 31, 2010
Guaranteed Investment Contract:		
MBIA	$ -	$1,742,041
Other investments:		
Government Obligation Fund	158,247	2,193,515
Total	$158,247	$3,935,556

The debt service reserve fund was invested in a guaranteed investment contract pursuant to a May 2002 agreement authorizing U.S. Bank (the trustee) to invest with MBIA, Inc. The investment agreement was modified and a custodial agreement enacted in July 2008 to appoint the trustee bank as custodian and collateral agent for the purpose of perfecting the trustee's security interest in collateral required as a result of the insurer's downgraded rating.

The guaranteed investment contract was recorded at contract value, which approximates fair value in the statements of financial position. MBIA paid interest at the rate of 5.8385% per annum. The contracts were liquidated in 2011.

Note 5 – Property, Facilities, and Equipment

Property, facilities and equipment were recorded at cost, net of accumulated depreciation.

Recorded values as of July 31, 2011 and 2010 are as follows:

	July 31, 2011	July 31, 2010
Buildings	$ -	$17,108,042
Other capital assets	-	1,617,819
Total cost	-	18,725,861
Less accumulated depreciation	-	(4,095,075)
Property, facilities and equipment, net	$ -	$14,630,786

In June 2011, the Corporation sold its University Courtyard Apartments to the University and the University assumed the Corporation's contracts. The proceeds from the sale were received on July 20, 2011 and used to redeem the Corporation's outstanding Series 2002 bonds payable. The fair value of the property was approximately $17.2 million which exceeded the Corporation's carrying value by approximately $3 million. However, because of the component unit relationship between the University and the Corporation, the property was recognized on the historical cost basis by the University. Therefore, the University recorded the property at approximately $14.2 million, the net book value of the property by the Corporation prior to the acquisition. The resulting excess of $3 million is then reflected by the Corporation as a contribution of capital by the University.

Note 5 – Property, Facilities, and Equipment *(continued)*

The following details the transaction:

University Series 2011 Bond Proceeds to the Corporation	$18,442,000
Corporation cash to the University	(1,227,055)
Fair value of property received	$17,214,945
Buildings, net	$13,801,372
Other capital assets, net	288,317
Property, facilities and equipment, net	14,089,689
Other assets transferred in sale	276,756
Liabilities assumed in sale	(194,403)
Net book value of property	$14,172,042
University contribution of capital to the Corporation	$ 3,042,902

Note 6 – Long-Term Debt

In May 2002, the Corporation issued $22,040,000 of County of Mahoning, Ohio Adjustable Rate Housing Revenue Bonds Series 2002 (Series 2002 Bonds). The proceeds were used to finance the construction, site improvements, furnishing and equipping of the University Courtyard Project. The bonds were secured by the assignment of incomes and revenues of the University Courtyard Project. The bonds ($20,530,000 outstanding) were fully redeemed on July 29, 2011.

The Series 2002 Bonds were issued pursuant to a Trust Indenture dated May 1, 2002 between Mahoning County (County) and the Trustee. Under the terms of the current Reimbursement Agreement dated May 30, 2007, the Corporation entered into an alternate, five year, Irrevocable Direct Pay Letter of Credit Agreement with a bank, with a stated expiration date of September 16, 2012. Under the terms of the Reimbursement Agreement, the Corporation maintained a debt service reserve fund at the maximum amount of $1,742,042 at July 31, 2010. With the redemption of the bonds at July 29, 2011 this agreement is no longer in effect.

Under a Partial Assignment and Assumption of Collateral Documents and Guaranty dated May 30, 2007, the alternate letter of credit bank assumed a letter of credit guaranty of the Youngstown State University Foundation (Foundation or Guarantor) from the predecessor letter of credit bank. The original Guaranty Agreement for payment of the Series 2002 Bonds was dated May 1, 2002. The Foundation guaranteed the maintenance of the debt service fund and replenished any deficits on a semi-annual basis. No replenishments were required in fiscal years 2011 or 2010.

The Foundation provided a conditional full guaranty of the Letter of Credit only under conditions which would indicate a failure of the Project to attain a sustained cash flow sufficient to maintain service of the debt as outlined in the Letter of Credit Agreement.

The Corporation's objectives of its derivative instruments included managing the risk of increased debt service resulting from rising market interest rates, the risk of decreased surplus returns resulting from falling interest rates and the management risk of an increase in the fair value of outstanding fixed rate obligations resulting from declining market interest rates. Consistent with its interest rate risk management objectives, the Corporation entered into an interest rate swap in May 2002 with a notional amount of $20,220,000 at July 31, 2010.

Note 6 – Long-Term Debt *(continued)*

An Intercreditor Agreement dated May 30, 2007 established the respective rights between the senior creditor for the swap with the junior creditor for the letter of credit.

The swap agreement effectively changed the Corporation's interest rate exposure on its floating rate bonds to a fixed rate of 3.97%.

Under terms of the interest rate swap agreement, the Corporation makes payments calculated at a fixed rate of 3.97% to the counterparty of the swap. In return, the counterparty made payments to the Corporation equal to 67% of the 1-Month USD-LIBOR-BBA Index. Only the net difference in payments was exchanged with the counterparty.

The swap was terminated by the Corporation on July 2, 2011 at a cost of $634,000. The fair value of the swap agreement at July 31, 2010 was $1,244,914 and is recorded as a liability on the statements of financial position. The changes in fair value of the swap of $610,014 during fiscal year 2011 and $223,627 during fiscal year 2010 are recorded as fair value of interest rate swap adjustment in the statements of activities.

Total bond-related interest paid was $755,892 and $828,985 in fiscal year 2011 and fiscal year 2010, respectively.

The Corporation has complied with all covenant requirements.

Note 7 – Leases

In May 2002, the Corporation entered into a 40-year lease with Youngstown State University for land to develop the Project. The lease contained a renewal option to extend the term for an additional 40 years. Future minimum annual lease payments were $100 per year over the life of the lease. An October 2004 amendment provided for an additional payment of $10,000 per month to offset electrical usage, adjusted annually in accordance with a prescribed annual reconciliation statement.

Note 8 – Related Party Transactions

Periodically, Youngstown State University Foundation paid expenses on behalf of the Corporation. Amounts owed to the affiliate are payable upon demand and bear interest at Prime Rate on the beginning date of each loan and fixed thereafter. As of July 31, 2010, the interest rate averaged 4.75% on the outstanding loan payable of $93,268. Principal and interest payments were $14,356 and $14,859 during fiscal year 2011 and 2010 respectively.

The University annually awards housing scholarships to University students for a minimum of $25,000.

Payments to the University during fiscal year 2011 and 2010 included:

	2011	2010
Telephone/internet	$ 49,709	$ 63,541
Electricity	130,000	120,000
Ground rent	100	100
Advertising	840	1,448
Total	**$ 180,649**	**$ 185,089**

Note 9 – Fair Value Measurements

The Corporation follows ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority.

The Corporation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Corporation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The fair values of money market funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

The Corporation's derivative instrument consisted of an interest rate swap. The fair value of the swap was determined based on the relative values of the fixed and floating portions of the interest rate contract.

The valuation model utilized involves current interest rates, projected yield curves and volatility factors to determine the fair value of the instrument as of the date of measurement. As such, significant fair value inputs can generally be verified and do not involve significant management judgments (Level 2 inputs). See Note 6 for further information.

The Corporation's guaranteed investment contract (GIC) is with MBIA, Inc. The fair value of the GIC was determined based on utilizing current rates of return available for similar contracts, with comparable credit risks and liquidity, as of the respective financial statement dates. As such, significant fair value inputs can generally be verified and do not involve significant management judgments (Level 2 inputs). See Note 4 for further information.

Assets and liabilities measured at fair value as of July 31, 2010 and 2009 are summarized below:

July 31, 2011	Level 1	Level 2	Level 3
Assets:			
Money Market Funds	$ 158,247	$ -	$ -
GIC	-	-	-
Liabilities:			
Interest rate swap	-	-	-

July 31, 2010	Level 1	Level 2	Level 3
Assets:			
Money Market Funds	$2,193,515	$ -	$ -
GIC	-	1,742,041	-
Liabilities:			
Interest rate swap	-	(1244,914)	-

BOARD OF TRUSTEES
at JULY 31, 2011

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
University Housing Corporation
Youngstown, Ohio

We have audited the financial statements of University Housing Corporation (the "Corporation") as of and for the year ended July 31, 2011, and have issued our report thereon dated the same date as this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Corporation in a separate letter dated October 13, 2011.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and the Ohio office of the Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 13, 2011

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UNIVERSITY HOUSING CORPORATION

MAHONING 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 24, 2012