UNIVERSITY HOUSING CORPORATION

Financial Report
for the Years Ended July 31, 2009 and 2008

Mary Taylor, CPA
Auditor of State

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, 2008 through July 31, 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 University Housing Corporation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 14, 2010

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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Crowe Horwath.

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, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of 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 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, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated October 16, 2009 on our consideration of the 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 16, 2009

STATEMENTS OF FINANCIAL POSITION

	July 31, 2009	July 31, 2008
ASSETS		
Current Assets		
Cash	$ 265,914	$ 227,557
Accounts receivable, net	5,865	7,442
Interest receivable	-	11,893
Investments	3,609,507	3,772,088
Prepaid expenses	57,037	26,059
Total Current Assets	**3,938,323**	**4,045,039**
Property, Facilities, and Equipment	**15,232,098**	**15,651,725**
Other Assets		
Bond issue costs, net	315,682	329,559
TOTAL ASSETS	**$ 19,486,103**	**$ 20,026,323**
LIABILITIES & NET DEFICIT		
Liabilities		
Current Liabilities		
Accounts payable	$ 27,286	$ 23,624
Accounts payable, Youngstown State University	-	9,766
Capital lease payable, current portion	-	11,269
Accrued bond interest payable	70,345	98,390
Bonds payable, current portion	175,000	130,000
Prepaid rent	71,947	60,678
Due to Ambling Companies	9,626	9,626
Security deposits	69,422	70,475
Other accruals	12,030	5,862
Total Current Liabilities	**435,656**	**419,690**
Long Term Debt		
Bonds payable	20,850,000	21,025,000
Interest rate swap	1,468,541	1,021,121
Loan payable - Youngstown State University Foundation	103,771	113,912
Total Long Term Debt	**22,422,312**	**22,160,033**
Total Liabilities	**22,857,968**	**22,579,723**
Unrestricted Net Deficit	**(3,371,865)**	**(2,553,400)**
TOTAL LIABILITIES & NET DEFICIT	**$ 19,486,103**	**$ 20,026,323**

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

	Year ended July 31,	
	2009	2008
Revenue		
Rental income	$ 2,320,685	$ 2,277,627
Interest income	115,990	163,681
Other income	66,185	105,401
Total Revenue	**2,502,860**	**2,546,709**
Expenses		
Administrative	44,030	35,933
Contract services	78,202	70,304
Interest expense	1,252,241	915,683
Bond fees	95,732	78,895
Depreciation and amortization expense	606,433	722,433
Loss on disposal of property, facilities, and equipment	-	8,100
Bad debt expense	20,188	44,878
Management fees	114,312	114,312
Advertising costs	21,010	19,033
Payroll and payroll-related	181,503	181,073
Accounting and legal	62,450	37,923
Repairs and maintenance	124,850	105,749
Insurance and taxes	42,739	46,653
Unit utilities expense	230,215	197,719
Total Expenses	**2,873,905**	**2,578,688**
(Increase) in Unrestricted Net Deficit before other items	**(371,045)**	**(31,979)**
Fair value of interest rate swap adjustment	(447,420)	(591,503)
(Increase) in Unrestricted Net Deficit	**(818,465)**	**(623,482)**
Unrestricted Net Deficit at beginning of year	**(2,553,400)**	**(1,929,918)**
Unrestricted Net Deficit at July 31	**$ (3,371,865)**	**($2,553,400)**

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

	Year ended July 31, 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
(Increase) in unrestricted net deficit	$ (818,465)	$ (623,482)
Adjustments to reconsile change in unrestricted net deficit to net cash provided by operating activities:		
Depreciation and amortization	606,433	722,433
Fair value of interest rate swap adjustment	447,420	591,503
Loss on disposal of property, facilities, and equipment	-	8,100
Changes in Assets and Liabilities:		
Accounts receivable, net	1,577	24,844
Interest receivable	11,893	3,583
Prepaid expenses	(30,978)	4,245
Accounts payable	3,662	(6,270)
Accrued bond interest payable	(28,045)	29,744
Prepaid rent	11,268	18,358
Accounts receivable/payable-Youngstown State University	(9,766)	24,700
Security deposits	(1,053)	(7,364)
Other accruals	6,168	(71,841)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**200,114**	**718,553**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, facilities, and equipment	(172,928)	(101,380)
Purchases of investments	(3,517,166)	(3,621,620)
Sales of investments	3,679,747	3,173,822
NET CASH (USED IN) INVESTING ACTIVITIES	**(10,347)**	**(549,178)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan Payable - Youngstown State University Foundation	(10,141)	(7,680)
Principal payments on debt and capital lease	(141,269)	(405,775)
NET CASH (USED IN) FINANCING ACTIVITIES	**(151,410)**	**(413,455)**
NET (DECREASE) INCREASE IN CASH	38,357	(244,080)
CASH AT BEGINNING OF YEAR	227,557	471,637
CASH AT END OF YEAR	**$ 265,914**	**$ 227,557**

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2009 AND 2008

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 are located in Youngstown, Ohio and house approximately 400 residents.

Management Agreement
On May 1, 2002 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, 2003, expired at the end of fiscal year 2008, and was renewed for an additional five years. Under the Management Agreements, Ambling Management receives a monthly management fee of $9,526. The Corporation owed Ambling Management $9,526 at July 31, 2009 and 2008 for management fees, which are recorded in Due to Ambling Companies on the statement of financial position. In fiscal year 2009 and 2008, additional payments to Ambling Management included:

Reimbursement for:	2009	2008
Payroll and payroll related	$183,160	$181,073
Administrative expenses	4,760	4,012
Total	$187,920	$185,085

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 Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, 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 recognizes revenue for rent in the period that it is 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 are required per the Reimbursement Agreement (see Note 6). The Reimbursement Agreement limits the use of some of these amounts to principal and interest payments on the bonds. As of July 31, 2009 and 2008, $3,477,155 and $3,643,621, respectively, of cash and investments were restricted for these purposes.

Property, Facilities and Equipment
Property, facilities and equipment are recorded at cost. Renewals and replacements of a routine nature are expensed, while those that extend or improve the life of existing properties are capitalized. The Corporation's capitalization threshold for furniture, fixtures and equipment

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

is $1,000; and for buildings and building improvements the threshold is $25,000. Assets are depreciated by the straight-line method over their estimated useful lives once the assets have been placed into service (see Note 5). Leased equipment is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment.

The Corporation capitalizes interest in accordance with Financial Accounting Standard No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants* (Statement 62), 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, 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 approximate fair value as changes in the fair value of the interest rate swap are included in the current year statement of activities.

Bond Issue Costs

The costs related to the issuance of bonds are capitalized and amortized using the straight-line method over the life of the bonds.

Security Deposits

Each tenant is 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 is recorded as a liability on the statement of financial position.

Derivatives and Hedging Activities

The Corporation follows Financial Accounting Standard No. 133, *Accounting for Derivative Instruments and Hedging Activities* (Statement 133), 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.

The fair value of the interest rate swap reflects the present value of the future potential gains (losses), if settlement were to take place. The Corporation does not designate its derivative instrument as a hedging instrument, thus gains and losses on the derivative instrument are 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.

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.

NOTES TO FINANCIAL STATEMENTS, *(CONTINUED)*
YEARS ENDED JULY 31, 2009 AND 2008

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

Advertising Costs
The Corporation incurs advertising costs in the form of television, radio, newspaper and other print ads. Such costs are expensed as incurred. Advertising costs charged to expense were $21,010 in fiscal year 2009 and $19,033 in fiscal year 2008.

Subsequent Events
Subsequent events have been evaluated through October 16, 2009, which is the date the financial statements were issued.

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.

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.

Adoption of New Accounting Standards
In 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 defines fair value, provides enhanced guidance for using fair value to measure assets and liabilities under current U.S. GAAP standards and expands the disclosure of the methods used and the effect of fair value measurements on earnings. The Standard is effective for financial statements issued for fiscal years beginning after November 15, 2007. Accordingly, the Corporation adopted applicable portions of this standard for the year ended July 31, 2009. Additional disclosure is provided in Note 9.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events". SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS No. 165 is to be applied to interim and annual financial periods ending after June 15, 2009. Accordingly, the Corporation adopted the applicable portions of this standard for the year ended July 31, 2009.

Note 3 – Accounts Receivable

Accounts receivable are recorded at net realizable value with an allowance for doubtful accounts of $700 and $3,800, respectively, at July 31, 2009 and 2008. The allowance is determined based on historical losses and recoveries. Uncollected balances are written off in the year turned over to collection. Recoveries are recorded in the year received. The Corporation does not accrue interest on any of its accounts receivable.

Note 4 – Investments

Investments consist of the following as of July 31, 2009 and 2008:

	July 31, 2009	July 31, 2008
Guaranteed Investment Contract:		
MBIA	$1,742,041	$1,742,041
Other investments:		
Government Obligation Fund	1,867,466	2,030,047
Total	$3,609,507	$3,772,088

NOTES TO FINANCIAL STATEMENTS, *(CONTINUED)*
YEARS ENDED JULY 31, 2009 AND 2008

Note 4 – Investments, *(continued)*

The debt service reserve fund is 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 is recorded at contract value, which approximates fair value in the statements of financial position. MBIA pays interest at the rate of 5.8385% per annum.

Note 5 – Property, Facilities, and Equipment

Property, facilities and equipment are recorded at cost, net of accumulated depreciation. Recorded values as of July 31, 2009 and 2008 are as follows:

	July 31, 2009	July 31, 2008
Buildings	$17,108,042	$17,108,042
Other capital assets	1,614,765	1,441,836
Total cost	18,722,807	18,549,878
Less accumulated depreciation	(3,490,709)	(2,898,153)
Property, facilities and equipment, net	$15,232,098	$15,651,725

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 bear interest at a variable rate determined weekly by the Remarketing Agent based on the weekly tax-exempt index as determined by the Remarketing Agent, and are due at various dates until 2033. The Remarketing Agent changed from JPMorgan Chase Bank to NatCity Investments Inc. /PNC in February 2009. At July 31, 2009 and 2008, these variable interest rates were set at .40% and 4.63% respectively, with an average weekly rate of 2.82% during fiscal year 2009 and 3.0% during fiscal year 2008. The bonds are secured by the assignment of incomes and revenues of the University Courtyard Project.

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 maintains a debt service reserve fund at the maximum amount ($1,759,558 at July 31, 2009 and $1,742,041 at July 31, 2008).

The Corporation was not in compliance with debt covenants regarding its debt service coverage ratio at July 31, 2009. However, a waiver from the letter of credit bank has been obtained.

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 guarantees the maintenance of the debt service fund and replenishes any deficits on a semi-

Note 6 – Long-Term Debt, *(continued)*

annual basis. No replenishments were required in fiscal years 2009 or 2008.

The Foundation provides 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.

Maturities of the bonds are as follows:

Year ending July 31,	Amount
2010	175,000
2011	220,000
2012	270,000
2013	325,000
2014	385,000
Thereafter	19,650,000
Total	**$21,025,000**

The Corporation's objectives of its derivative instruments include 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 $20,395,000 at July 31, 2009 and $20,525,000 at July 31, 2008.

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

The swap agreement effectively changes the Corporation's interest rate exposure on its floating rate bonds to a fixed rate of 3.97%. The interest swap rate agreement matures in May 2012.

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 makes payments to the Corporation equal to 67% of the 1-Month USD-LIBOR-BBA Index. Only the net difference in payments is exchanged with the counterparty. During fiscal year 2009 and 2008 the 1-Month USD-LIBOR-BBA Index ranged from .28% to 4.59% (.28% at July 31, 2009) and 2.38% to 5.82% (2.46% at July 31, 2008), respectively.

The fair value of the swap agreement at July 31, 2009 and 2008 was $1,468,541 and $1,021,121, respectively, and is recorded as a liability on the statements of financial position. The changes in fair value of the swap of $447,420 during fiscal year 2009 and $591,503 during fiscal year 2008 are recorded as fair value of interest rate swap adjustment in the statements of activities.

Total interest paid was $1,246,825 and $912,927 in fiscal year 2009 and fiscal year 2008, respectively.

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 contains a renewal option to extend the term for an additional 40 years. Future minimum annual lease payments are $100 per year over the life of

NOTES TO FINANCIAL STATEMENTS, *(CONTINUED)*
YEARS ENDED JULY 31, 2009 AND 2008

Note 7 – Leases, *(continued)*

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 pays 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, 2009 and 2008, the interest rates averaged 4.75% on the outstanding loan payable of $103,771 and $113,912 respectively. Principal and interest payments were $15,000 and $13,215 during fiscal year 2009 and 2008 respectively.

The University is committed to marketing the housing facility. In addition, the University annually awards housing scholarships to University students for a minimum of $25,000.

Accounts payable of $9,766 to the University at July 31, 2008 represented reimbursements due the Corporation in accordance with the reconciliation statement provision of the ground lease (see Note 7).

Payments to the University during fiscal year 2009 and 2008 included:

	2009	2008
Telephone/internet	$ 80,650	$ 63,129
Electricity	80,000	69,766
Ground rent	100	100
Advertising	4,515	4,025
Total	**$ 165,265**	**$ 137,020**

Note 9 – Fair Value Measurements

Effective August 1, 2008, the Corporation adopted Financial Accounting Standard 157, *Fair Value Measurements* (FAS 157). FAS 157 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 consists of an interest rate swap. The fair value of the swap is 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.

Note 9 – Fair Value Measurements, (*continued*)

The Corporation's guaranteed investment contract (GIC) is with MBIA, Inc. The fair value of the GIC is 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, 2009 are summarized below:

	Level 1	Level 2	Level 3
Assets:			
Money Market Funds	$1,867,466	$ -	$ -
GIC	-	1,742,041	-
Liabilities:			
Interest rate swap	-	(1,468,541)	-

BOARD OF TRUSTEES
at JULY 31, 2009

Crowe Horwath.

Crowe Horwath LLP
Member Crowe Horwath International

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

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, 2009, and have issued our report thereon dated the same date as this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 16, 2009.

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 16, 2009

UHC

Mary Taylor, CPA
Auditor of State

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 28, 2010

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us