SCIENCE AND TECHNOLOGY
CAMPUS CORPORATION

FRANKLIN COUNTY

REGULAR AUDIT

July 1, 2011 through June 30, 2012

Fiscal Year Audited Under GAGAS: 2012

Caudill & Associates
Certified Public Accountant
725 5th Street
Portsmouth, Ohio 45662

Dave Yost • Auditor of State

Board of Directors
Science and Technology Campus Corporation
1275 Kinnear Road
Columbus, Ohio 43212

We have reviewed the *Independent Auditor's Report* of the Science and Technology Campus Corporation, Franklin County, prepared by Caudill & Associates, CPA, for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Science and Technology Campus Corporation is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

March 26, 2013

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www. auditor.state.oh.us

SCIENCE AND TECHNOLOGY CAMPUS CORPORATION

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For the Years Ended June 30, 2012 and 2011

Caudill & Associates, CPA
725 5th Street Portsmouth, OH 45662
P: 740.353.5171 | F: 740.353.3749
www.caudillcpa.com

Member American Institute of Certified Public Accountants
Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Independent Auditor's Report

Science and Technology Campus Corporation
Franklin County
1275 Kinnear Road
Columbus, Ohio 43212

To the Board of Directors:

We have audited the accompanying statements of financial position of Science and Technology Campus Corporation (an Ohio Not-for Profit Corporation) (the Corporation) as of June 30, 2012 and 2011, 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 opinions 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Science and Technology Campus Corporation as of June 30, 2012 and 2011, 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 a report dated January 31, 2013 on our consideration of Science and Technology Campus Corporation's internal control over financial reporting and on our test 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 result 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.

Caudill & Associates, CPA

Caudill & Associates, CPA

January 31, 2013

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

STATEMENT OF FINANCIAL POSITION

As of June 30, 2012 and 2011

ASSETS	2012	2011
CURRENT ASSETS		
Cash and Cash Equivalents	$ 772,597	$ 376,417
Assets Limited as to Use (Notes 2 and 4)	157,551	154,650
Accounts Receivable (less allowance for doubtful accounts of $10,000 and $10,000, respectively) (Note 2)	48,980	4,018,530
Deferred Rental Income	1,750	73,724
Tenant Billings	93,299	210,285
Prepaid Expenses	50,128	13,154
Other Reimbursables	42,255	-
Total Current Assets	1,166,560	4,846,760
PROPERTY AND EQUIPMENT		
Leasehold Estate	12,370,000	12,370,000
Buildings	32,385,017	30,552,378
Equipment	160,154	244,770
Construction in Progress	160,804	115,796
	45,075,975	43,282,944
Less Accumulated Amortization and Depreciation	(10,473,824)	(9,381,558)
Total Property and Equipment, Net	34,602,151	33,901,386
OTHER ASSETS		
Investment in Start-up Companies (less allowance for impairment of $400,479 and $174,783, respectively)	62,162	482,605
Deferred Rental Income	-	315
Deferred Leasing Costs (net of accumulated amortization of $43,191 and $36,085, respectively)	59,092	66,198
Other Assets	86,955	99,259
Total Other Assets	208,209	648,377
TOTAL ASSETS	$ 35,976,920	$ 39,396,523

LIABILITIES AND NET ASSETS	2012	2011
CURRENT LIABILITIES		
Current Portion of Notes and Long-term Debt Payable (Note 4)	$ 801,264	$ 4,275,930
Accounts Payable	56,510	125,655
Accrued Liabilities	332,240	368,248
Accrued Interest (Note 4)	1,240,736	1,159,897
Unearned Rental Income - Short Term (Notes 2 and 3)	327,703	188,715
Fair Value of Interest Rate Swap (Note 6)	-	-
Total Current Liabilities	2,758,453	6,118,445
LONG-TERM LIABILITIES		
Notes Payable and Long-term Debt (Notes 3 and 4)	19,419,103	20,119,664
Unearned Rental Income - Long Term (Note 2 and 3)	3,270,186	3,487,088
Total Long-Term Liabilities	22,689,289	23,606,752
NET ASSETS		
Unrestricted	10,529,178	9,671,326
Total Net Assets	10,529,178	9,671,326
TOTAL LIABILITIES AND NET ASSETS	$ 35,976,920	$ 39,396,523

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

STATEMENT OF ACTIVITIES

For the Years Ended June 30, 2012 and 2011

	2012	2011
REVENUES		
Rental Income (Notes 2 and 3)	$ 3,927,056	$ 3,744,321
Operating Support - Unrestricted (Note 3)	300,000	300,000
Contribution for Capital Asset Acquisition - Unrestricted (Note 3)	1,262,807	-
Interest Income	61	2,681
Grants	83,000	851,815
Other Income	70,977	194,320
Total Revenues	5,643,901	5,093,137
RENTAL OPERATING EXPENSES		
Interest Expense	565,183	718,192
Utilities	859,578	851,604
Repairs and Maintenance	451,015	426,075
Depreciation	868,714	780,283
Amortization	309,996	309,996
Management Fees	199,998	135,271
Other	612,403	456,864
Total Rental Operating Expenses	3,866,887	3,678,285
GENERAL AND ADMINISTRATIVE EXPENSES		
Consulting	269,117	168,092
Legal	26,350	19,120
Insurance	19,947	19,897
Accounting	43,206	47,448
Project Development Costs	78,920	67,958
Telecommunication	3,704	4,236
Travel, Meals and Meetings	4,184	3,510
Interest	28,196	79,097
Contributions	-	-
Change in Fair Value of Interest Rate Swap	-	(118,144)
Impairment of Investments in Start-up Companies	420,443	63,376
Other	25,095	24,480
Total General and Administrative Expenses	919,162	379,070
Total Expenses	4,786,049	4,057,355
Change in Net Assets	857,852	1,035,782
Net Assets - Unrestricted at Beginning of Year	9,671,326	8,635,544
Net Assets - Unrestricted at End of Year	$ 10,529,178	$ 9,671,326

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

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Change in Net Assets	$857,852	$ 1,035,782
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization and depreciation	$1,178,710	1,091,248
Impairment change on investments in start-up companies	$420,444	(62,500)
Decrease/(Increase) in assets:		
Accounts receivable	$3,969,550	(3,863,654)
Allowance for doubtful accounts	-	(40,096)
Deferred rental income and leasing costs	$79,395	65,166
Tenant billings	$116,986	(208,925)
Prepaid expenses	($36,974)	(604)
Other reimbursables	($42,255)	13,378
Other assets	$12,304	46,364
Increase/(Decrease) in liabilities:		
Accounts payable	($69,145)	(830,953)
Accrued liabilities and interest	$44,832	264,678
Unearned rental income	($77,914)	3,487,088
Total adjustments	5,595,932	(38,810)
Net cash provided by operating activities	6,453,784	996,972
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		
Decrease/(Increase) in assets limited as to use	($2,901)	(2,883)
Decrease/(Increase) in investments in start-up companies	-	131,868
Decrease/(Increase) in construction in progress	($45,008)	3,355,518
Additions to building and equipment	($1,834,468)	(4,749,542)
Net cash used in investing activites	(1,882,377)	(1,265,039)
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES		
Principal reductions in leasehold obligations	-	(138,100)
Principal reductions in notes payable and long-term debt	($4,275,955)	(2,983,048)
Proceeds from notes payable and long-term debt	$100,728	3,257,059
Net cash provided by/(used in) financing activites	(4,175,227)	135,911
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	396,180	(132,156)
CASH AND CASH EQUIVALENTS - Beginning of Year	376,417	508,573
CASH AND CASH EQUIVALENTS - End of Year	$ 772,597	$ 376,417
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during year for interest	$ 512,540	$ 745,217

NOTE 1 ORGANIZATION AND PRESENTATION

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

The Corporation's sources of funding include rental income and contributions received under agreements with the University and the State of Ohio Department of Development. The Corporation constructs and manages facilities on leased and owned properties for the purpose of developing the Science and Technology Campus.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B – Cash and Cash Equivalents

The Corporation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2012 or 2011.

C – Accounts Receivable

Accounts receivable are shown at their net realizable value. Receivables consist of amounts due from tenants and governmental agencies for rent, grants, and other services provided. The Corporation's leases and agreements with third parties and non-governmental entities generally provide for interest or finance charges on delinquent accounts.

Management estimates an allowance for doubtful accounts based upon management's review of delinquent accounts and an assessment of the Corporation's historical evidence of collections. Specific accounts are charged directly to the reserve when management determines that the account is uncollectible. At June 30, 2012, and 2011, management estimates that allowances of $10,000, and $10,000 respectively were necessary.

D – Assets Limited as to Use

The Corporation considers assets that have been designated by contract or internally designated for a specific purpose to be limited as to use and are recorded at market value. Assets limited as to use consisted of $157,551 and $154,650 as of June 30, 2012 and 2011, respectively. The Corporation maintains these funds in a money market account that will be drawn upon to make the principal payments on the Adjustable Rate Taxable Securities, Series 2001 on the first day of November of each year (See Note 4). The Corporation deposits funds into this account on a monthly basis so that the required principal payment amount is available on the due date. The money market fund earns interest at a variable rate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E – Concentration of Credit Risk

The Corporation's cash balances, which are in excess of the federally insured levels, are maintained at local and regional financial institutions. The Corporation continually monitors its balances to minimize the risk of loss for these balances.

F – Rental Income

Rental income is recognized on a straight line basis over the term of the leases. Deferred rental income reflects rental income recognized in excess of payments due on leases that provide for scheduled increases over the term. Unearned rental income reflects payments received in excess of rental income recognized. As of June 30, 2012 and 2011, $3,597,889 and $3,675,802, respectively, of total unearned rental income related to prepaid rents received from the University for the Wireless Communication/Radio Frequency Research Building (see Note 3).

G – Deferred Leasing Costs

Leasing costs, primarily commissions, are capitalized and amortized over the term of the respective leases.

H – Investments in Start-up Companies

The Corporation invests in closely held start-up companies and other joint ventures. These investments are typically in the form of convertible promissory notes and are accounted for at cost, which approximates fair value. The Corporation reviews its investments for impairment at least annually. Due to the start-up nature of these companies, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The activity in the reserve for impairment account was as follows:

	Year Ending June	
	2012	2011
Beginning Balance	$174,783	$237,283
Provision for Impairment	420,443	
Write-Offs	(194,747)	(62,500)
Ending Balance	$400,479	$174,783

I – Leasehold Estate

The leasehold estate is recorded at its estimated fair market value as of the date of original acquisition and is amortized using the straight-line method over an estimated useful life of forty years.

J – Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over estimated useful lives ranging from three to thirty-six years.

K – Grants

The Corporation receives grants from various State of Ohio and corporate funding sources. Grant funds received for the years ending June 30, 2012 and 2011 were used for facilities construction and a marketing study. These funds are typically available on a reimbursement basis and require any restrictions on use to be satisfied prior to submission for funding.

NOTE 3 RELATED PARTY TRANSACTIONS

Rental Income

The Corporation subleases certain property to the University or its affiliates. For the years ended June 30, 2012 and 2011, rental income from affiliates was $2,433,685 and $1,766,582, respectively.

The following is a schedule by year of minimum future gross rental income on all non-cancelable operating leases as of June 30, 2012 (including rental income from non-affiliates):

Year Ending June 30:	
2013	$3,062,408
2014	2,190,695
2015	2,055,392
2016	1,281,252
2017	577,948
	$9,167,695

Operating Support

The Corporation received $300,000 in operating support from the University during each of the fiscal years ended June 30, 2012 and 2011. These funds have no specific restrictions and are used for normal operating expenses. These funds are provided to the Corporation pursuant to an agreement (the Development Agreement), which specifies that the University will continue to support the Corporation with these funds on an annual basis. The term of the operating support provided by the Development Agreement has been extended through the fiscal year ended June 30, 2013.

Contribution for Capital Asset Acquisition and Property Purchase

During February 2012, the Corporation purchased land and an existing building within the Science and Technology Campus area from a third party. This property was subsequently leased to the University and a third party for development as a nuclear medicine facility. Funds to acquire the property in the amount of $1,262,807 were provided to the Corporation by the University. This amount has been reflected as an item of unrestricted support for the year ended June 30, 2012 on the attached Statement of Activities.

Joint Use Agreement

The Corporation entered a Joint Use Agreement with the University whereby the University has utilized an appropriation of $4 million from a State of Ohio Capital Funding Allocation to fund the construction and development of certain properties under lease by the Corporation. The terms of the agreement include a provision for the State of Ohio to recapture a portion of funding over a fifteen year period in an event of default. The Corporation has assessed the possibility of default as remote and, accordingly, the accompanying financial statements do not include any accrued liabilities related to this contingency. There were no related party contributions or other activity in fiscal years 2012 or 2011 representing University funding from the joint use agreement.

NOTE 3 RELATED PARTY TRANSACTIONS (Continued)

Leasehold Obligations

The Corporation has multiple leasehold agreements under which it leases certain land and buildings from the University for use as research park facilities. These agreements require the Corporation to pay all costs associated with the leased properties including operating expenses, maintenance, renovation, and assessments. In addition, some of the agreements required payment to the University of certain leasehold obligations in the aggregate monthly amount of $54,016, with maturity dates ranging from December 2007 to October 2010 and interest rates fixed at a rate of 5.61%. The final minimum lease payments due under such leasehold obligations were made on October 31, 2010.

Properties under leasehold obligations are included in the accompanying statements of financial positions as follows:

	Year Ending June	
	2012	**2011**
Leasehold estate	$12,370,000	$12,370,000
Less accumulated amortization	(4,338,456)	(4,028,460)
Ending Balance	$8,031,544	$8,341,540

Amortization of properties under leasehold obligations was $309,996 for both 2012 and 2011.

Notes Payable

The University has authorized up to $21 million in construction financing for development of the Science and Technology Campus provided certain criteria are met. The terms of this financing are discussed further in Note 4.

Wireless Communication/Radio Frequency Research Building

In March 2010, the Corporation entered into a construction loan agreement with PNC Bank, the terms of which are discussed in Note 4, to fund the construction of a Wireless Communication/Radio Frequency Research Building in which the University would be the primary tenant. The University agreed to prepay the full amount of their rent for the building in advance to cover repayment of the construction loan. As of June 30, 2012, the University had prepaid total rent of $3,741,954 of which $3,597,889 and $3,675,802 was reflected as unearned rental revenue as of June 30, 2012 and 2011 respectively.

NOTE 4 NOTES PAYABLE AND LONG TERM DEBT

Loan activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Principal Additions	Principal Repayments	Ending Balance	Current Portion
OSU $21M Financing Facility					
OSU 2002 MOU $7M	$5,553,697		($216,229)	$5,337,468	$228,199
OSU 2005 MOU $4M	3,164,579		(168,521)	2,996,058	175,501
$10M Subject to Future MOU	7,529,816	$100,728		7,630,544	
OSU Leasehold Obligations (Note 3)					
Project Notes Series 2001	3,005,749		(265,000)	2,740,749	270,000
PNC Bank					
$3.4M Credit Facility	1,643,112		(127,564)	1,515,548	127,564
$3.887M Wireless Construction Loan	3,498,641		(3,498,641)		
Total	$24,395,594	$100,728	($4,275,955)	$20,220,367	$801,264

NOTE 4 NOTES PAYABLE AND LONG TERM DEBT (Continued)

OSU Financing Facility

The University has authorized up to $21 million in construction financing for development of the Science and Technology Campus, provided certain criteria are met. As of June 30, 2012 and 2011, the Corporation has drawn $19,354,663 and $18,529,816, respectively, of the available funds under this facility.

During November, 2002 the Corporation signed a reimbursement agreement (MOU) with the University relating to $7 million of the payable balance. Under the terms of the agreement, the unpaid balance bears interest at the fixed rate of 5.4% and is payable in self amortizing monthly payments of principal and interest in the amount of $42,569 through the maturity date of November, 2027. Interest expense for the years ended June 30, 2012 and 2011 was $294,600 and $305,942, respectively, of which none was subject to capitalization.

During December 2005, the Corporation signed a reimbursement agreement MOU) with the University relating to $4 million of the payable balance. Under the terms of the agreement, interest on the unpaid balance is calculated using a blend of fixed and variable rates based on the University's 2005 A&B General Receipts Bond Issues. The interest rate as of June 30, 2012 and 2011 remains at the initial agreement rate of 4.08%. This rate may change in subsequent years in the event interest rates on the variable portion of the underlying reference debt reaches levels that impact the University in a materially adverse manner. The unpaid balance is payable in self amortizing monthly payments of principal and interest in the amount of $24,541 thorough the maturity date of September, 2025. Interest expense for the years ended June 30, 2012 and 2011 was $125,996 and $132,721, respectively, of which none was subject to capitalization.

As of June 30, 2012, the Corporation has drawn a total of $8,354,663 of the remaining available funds for which it has not yet entered into a reimbursement agreement with the University. The Corporation accrued interest on the outstanding draws at a variable rate set by the University, ranging from .95% to 1.23% for the fiscal year ending June 30, 2012. Interest expense for the years ended June 30, 2012 and 2011 was $80,839 and $92,207 respectively, of which none was subject to capitalization.

Subsequent to June 30, 2012, the Corporation entered into talks with the University regarding repayment terms for the balance of funds drawn to date that are not currently subject to a reimbursement agreement (see Note 7).

Project Notes

During October 2001, the Corporation issued approximately $5.1 million in Adjustable Rate Taxable Securities, Series 2001 (the Project Notes), the proceeds of which were used to finance construction costs. The Project Notes bear interest at a variable rate as determined weekly by a remarketing agent. The interest rate as of June 30, 2012 and 2011 were .38% and .39%, respectively. Interest expense for the years ended June 30, 2012 and 2011 was $12,249 and $22,468 respectively, of which none was subject to capitalization.

The owners of the Project Notes have the option to demand redemption of their outstanding Notes at dates defined in the agreement. The Corporation has entered into a remarketing agreement, which requires the remarketing agent to utilize its best efforts to remarket any such bonds that may be tendered for payment. If the proceeds to the remarketing agent are not sufficient to purchase the Project Notes tendered, the Trustee is required to draw on an irrevocable letter of credit to pay the necessary purchase price. The letter of credit has been extended to March 15, 2014.

NOTE 4 NOTES PAYABLE AND LONG TERM DEBT (Continued)

The Project Notes provide for annual scheduled payments of principal on November 1 of each year. The remaining annual principal payments range from $270,000 to $340,000 due at final maturity during November, 2020. The Corporation has designated funds in a separate money market account for the annual payment of these amounts (See Note 2).

PNC Bank $3.4M Credit Facility

During 2006, the Corporation entered into a credit facility to draw up to $3.4 million to finance capital improvements projects on commercial property located on the Science and Technology Campus. As modified, the facility provided for a draw period through March, 2010. The unpaid balance bears variable interest at the rate of monthly LIBOR plus 1.25%. The interest rate as of June 30, 2012 and 2011 was 1.49% and 1.44% respectively. The facility is payable in monthly payments of interest plus principal of $10,630.34, calculated using a 25 amortization, with a final balloon payment of unpaid interest and principal due November, 2020. Interest expense for the years ended June 30, 2012 and 2011 was $24,159 and $43,242, respectively, none of which was subject to capitalization. The note is collateralized by a commercial property located on the Science and Technology Campus.

PNC Bank $3.887M Wireless Communications Construction Loan

During March, 2010, the Corporation entered into a construction loan agreement to draw up to $3.887 million to fund the construction of the Wireless Communication/Radio Frequency Research Building. The unpaid balance bore interest at daily LIBOR plus 2%, payable monthly. The interest rate as of June 30, 2011 was 2.19%. The loan had a maximum maturity date of March, 2012. The Corporation drew a total of $3,498,641 for construction of the Wireless Communication Building. The loan was paid in full during July, 2011, using prepaid rent received from the University (See Note 3). Interest expense for the years ended June 30, 2012 and 2011 was $6,157 and $54,417 respectively, of which $20,686 was subject to capitalization into project costs for the year ended June 30, 2011.

Principal payments on the various MOUs and loan agreements for the next five fiscal years and thereafter are as follows:

2013	$801,264
2014	831,192
2015	862,123
2016	889,107
2017	922,200
Thereafter (*)	15,914,481
Total principal payments	$20,220,367

(*) Includes $8,871,280 of principal and accrued interest due the University for which a reimbursement agreement has not been established as of June 30, 2012 (See Note 7)

NOTE 5 FEDERAL INCOME TAXES

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

NOTE 6 INTEREST RATE SWAP AGREEMENT

In December 2001, the Corporation entered into an interest rate swap agreement with a bank as a hedge against interest rate risk associated with borrowing at a variable rate. The Corporation's objective was to eliminate the variability of cash flows in interest payments for a portion of its variable rate debt. The Corporation does not use derivative financial instruments for speculative purposes. The swap agreement had a notional amount of $3,265,000 as of June 30, 2010.

The Corporation allowed the swap agreement to expire during the fiscal year ending June 30, 2011. Accordingly, the agreement had no remaining balance sheet value as of June 30, 2012 or 2011. Interest expense for the year ended June 30, 2011 was $118,037, none of which was subject to capitalization.

NOTE 7 SUBSEQUENT EVENTS

Subsequent to June 30, 2012, the Corporation entered into talks with the University regarding terms of a reimbursement agreement for the $8,871,280 of principal and accrued interest previously drawn on the OSU Financing Facility (see Note 4). It is currently anticipated the Corporation will enter into a formal reimbursement agreement calling for estimated monthly payments of principal and interest in the amount of $46,500, to commence during the year ending June 30, 2013.

Caudill & Associates, CPA

725 5th Street Portsmouth, OH 45662
P: 740.353.5171 | F: 740.353.3749
www.caudillcpa.com

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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*

Science and Technology Campus Corporation
Franklin County
1275 Kinnear Road
Columbus, Ohio 43212

To the Board of Directors:

We have audited the financial statements of Science and Technology Campus Corporation (an Ohio Not-for-Profit Corporation) (the Corporation) as of and for the year ended June 30, 2012, and have issued our report thereon dated January 31, 2013. 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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and timely corrected.

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 material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Science and Technology Campus Corporation

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* (Continued)

We intend this report solely for the information and use of management, the Board of Directors, others within the Corporation and the Auditor of State. We intend it for no one other than these specified parties.

Caudill & Associates, CPA

Caudill & Associates, CPA

January 31, 2013

SCIENCE AND TECHNOLOGY CAMPUS CORPORATION

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 9, 2013