THE IIT STATE STREET CORPORATION, NFP
Chicago, Illinois

FINANCIAL STATEMENTS
May 31, 2009 and 2008

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Independent Auditor's Report

Board of Directors
The IIT State Street Corporation, NFP
Chicago, Illinois

We have audited the accompanying statements of financial position of The IIT State Street Corporation, NFP (the "Corporation"), as of May 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 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. Those standards require that we plan and perform the audits 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 May 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Clifton Gunderson LLP

Oak Brook, Illinois
October 12, 2009

THE IIT STATE STREET CORPORATION, NFP
STATEMENTS OF FINANCIAL POSITION
May 31, 2009 and 2008

ASSETS

	2009	2008
Receivable due from University, net	$ 1,088,295	$ 203,783
Assets held by trustee	19,193	19,193
Property, net of accumulated depreciation of $4,972,772 and $4,075,992 at May 31, 2009 and 2008, respectively	24,765,176	25,556,222
Deferred financing costs, net of accumulated amortization of $154,449 and $132,918 at May 31, 2009 and 2008, respectively	533,037	554,568
TOTAL ASSETS	$ 26,405,701	$ 26,333,766

LIABILITIES AND NET DEFICIT

	2009	2008
CURRENT LIABILITIES		
Current portion of obligations under capital leases	$ 151,500	$ 145,500
Deferred revenue	49,203	-
Accrued expenses and other liabilities	100	100
Total current liabilities	200,803	145,600
LONG-TERM DEBT, LESS CURRENT MATURITIES ABOVE		
Notes payable	27,095,000	27,095,000
Obligations under capital leases	653,500	805,000
Total long-term debt	27,748,500	27,900,000
Total liabilities	27,949,303	28,045,600
NET DEFICIT	(1,543,602)	(1,711,834)
TOTAL LIABILITIES AND NET DEFICIT	$ 26,405,701	$ 26,333,766

The accompanying notes are an integral part of the financial statements.

THE IIT STATE STREET CORPORATION, NFP
STATEMENTS OF ACTIVITIES
Years Ended May 31, 2009 and 2008

	2009	2008
REVENUES		
Rooms revenue	$ 2,927,962	$ 2,770,912
EXPENSES		
General and administrative expenses	1,187,315	1,123,567
Interest	654,106	1,080,009
Depreciation	896,778	886,005
Amortization	21,531	21,531
Total expenses	2,759,730	3,111,112
CHANGE IN NET DEFICIT	168,232	(340,200)
NET DEFICIT, BEGINNING OF YEAR	(1,711,834)	(1,371,634)
NET DEFICIT, END OF YEAR	$ (1,543,602)	$ (1,711,834)

The accompanying notes are an integral part of the financial statements.

THE IIT STATE STREET CORPORATION, NFP
STATEMENTS OF CASH FLOWS
Years Ended May 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net deficit	$ 168,232	$ (340,200)
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Depreciation	896,778	886,005
Amortization of deferred financing fees	21,531	21,531
Effects of changes in operating assets and liabilities:		
Receivable from University, net	(884,512)	(171,418)
Deferred revenue	49,203	-
Accrued expenses	-	69,733
Net cash provided by operating activities	251,232	465,651
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property	(105,732)	(324,651)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligation	(145,500)	(141,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -	$ -
SUPPLEMENTAL INFORMATION		
Cash paid during the year for interest	$ 691,515	$ 1,170,376

The accompanying notes are an integral part of the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The IIT State Street Corporation, NFP (the "Corporation") is an Illinois not-for-profit, tax-exempt organization created on June 25, 2001 to operate exclusively for charitable and educational purposes. The Corporation is organized to operate exclusively for the benefit of, to perform functions of, and to carry out the purposes of Illinois Institute of Technology (the "University"), by undertaking such activities such as providing housing for students, faculty, and staff of the University or of other not-for-profit educational institutions affiliated with the University or located on, or adjacent to, the University's main campus located in Chicago, Illinois. The Corporation constructed three five-story buildings containing 114 residential units (accommodating 367 beds). Construction was completed in August 2003. The property's average occupancy was approximately 84% and 92% for the years ended May 31, 2009 and 2008, respectively.

Change in Accounting Principles

Effective January 1, 2008, the Corporation adopted FASB Statement No. 157, *Fair Value Measurements* (FAS 157), which provides a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, FAS 157 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. The adoption of FAS 157 did not have a material impact on the Corporation's financial statements.

Property

Property is recorded at cost. Replacements and improvements are capitalized, while repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which for the building is 40 years, for building improvements is 20 years, and for furniture, fixtures, and equipment is 10 years.

The Corporation periodically reviews the carrying value of the property to determine if circumstances exist indicating impairment in the carrying value of the investment in the property or that depreciation periods should be modified. If facts or circumstances support the possibility of impairment, the Corporation will prepare an estimate of the undiscounted future cash flows, without interest charges, of the property and determine if the investment in such property is recoverable based on the undiscounted future cash flows. If impairment is indicated, an adjustment will be made to the carrying value of the property to reflect the property at fair value. The Corporation does not believe that there are any factors or circumstances indicating impairment of any of its investment at May 31, 2009 or 2008.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets Held by Trustee

Remaining proceeds from the 2002 bond issue were maintained and monitored by a trustee per contractual requirements of the bond issue. These proceeds were reported as assets held by trustee and were held for debt service reserves as required by contractual obligations of the Corporation's original letter of credit. These assets were recorded at cost of approximately $1.8 million at May 31, 2006. During fiscal year 2007, the Corporation entered into a new letter of credit agreement, which removed the requirement for the debt service reserve. As a result, approximately $1.6 million was released from the trustee. At May 31, 2009 and 2008, approximately $20,000 was held by the trustee to fund ongoing capital projects at the property. See further discussion in Note 2.

Derivative Instruments

All derivatives are recognized on the Statements of Financial Position at their fair value. The Corporation only enters into derivative contracts that limit the variability of cash flows to be paid related to long-term debt (interest rate cap in 2006). That is, the Corporation does not speculate using derivative instruments. In addition, the Corporation does not apply hedge accounting to those derivative instruments; therefore, any changes in the derivative's fair value are recognized in earnings. No derivative instruments were used during the fiscal years ended May 31, 2009 and 2008.

Deferred Financing Costs

Bond issuance costs were paid from the proceeds of the bond offering (see Note 2). Such costs have been capitalized and are amortized over the life of the related bonds on a straight-line basis, which is not materially different from the effective interest method.

Tax-Exempt Status

The Corporation has received a determination letter from the Internal Revenue Service indicating it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. No provision for income taxes was required for the years ended May 31, 2009 and 2008.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with United States Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Room Revenue

Room revenue is recognized on a straight-line basis over the terms of the related leases. Lease terms are generally for one year or less.

Deferred Revenue

Room revenue collected in advance for summer programs is deferred until the fiscal year of the related program.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its 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 position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of May 31, 2009 and 2008, the Corporation had no temporarily or permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes,* an interpretation of FASB Statement 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. The effective date of FIN 48 to certain nonpublic enterprises is currently for fiscal years beginning after December 15, 2007. In October 2008, the FASB has proposed delaying the effective date of FIN 48 to certain nonpublic enterprises. The Corporation will be required to adopt FIN 48 upon its dispositive effective date. Management is currently assessing the impact of FIN 48 on its statement of financial position and statement of activities.

NOTE 2 - NOTES PAYABLE

In May 2002, the Illinois Educational Facilities Authority (IEFA) executed the issuance and sale of $28,635,000 aggregate principal amount of Student Housing Adjustable Rate Demand Revenue Bonds, Series 2002A (Series 2002A Bonds) and $165,000 aggregate principal amount of Taxable Student Housing Adjustable Rate Demand Revenue Bonds, Series 2002B (Series 2002B Bonds). The Series 2002B bonds matured on June 1, 2004, at which time the amount outstanding was paid in full.

NOTE 2 - NOTES PAYABLE (continued)

The Series 2002A Bonds are secured by a letter of credit and bear interest at a weekly interest rate that is sufficient to produce a par bid (an effective interest rate of 0.53% and 1.64% as of May 31, 2009 and 2008, respectively), not to exceed 12% per annum. Such interest rate may be converted to a different interest rate mode, as defined in the agreement, with the approval of the letter of credit issuer. The Series 2002A Bonds mature on June 1, 2033.

The proceeds from the issuances and sale of the Bonds were used to make loans to the Corporation. The Corporation used the proceeds to (i) finance the construction, installation, and equipping of a new 114-unit student housing project (the Project) on the University's main campus to house 367 students, staff, and faculty of the University; (ii) to fund a debt service reserve fund which is held by a trustee; and (iii) pay certain costs incurred in connection with the bond issue. The note payable (the Note), in the amount of $28,635,000, is secured by the gross revenue, as defined, of the Project. The payment of principal and the accrual of interest requirements are identical to those of the Bonds.

On September 1, 2006, the Corporation entered into a new letter of credit agreement. The terms of the letter of credit agreement eliminate the requirement for the debt service reserve fund for the series 2002A Bonds and restructured the scheduled principal payments to be interest only through 2012. Interest and principal payments are then required beginning June 1, 2012 and the remaining outstanding balance due at maturity, June 1, 2033. In accordance with the terms of the new letter of credit, the debt service reserve fund was liquidated and the funds remitted to the Corporation. The Corporation used the funds to fully retire a note payable to affiliate; call and pay down approximately $295,000 of the Series 2002A Bonds; fund approximately $160,000 in capital projects, fund costs associated with the transactions, and refund approximately $600,000 to Wachovia.

The following is a summary of required principal payments for the notes payable:

Fiscal Years Ending	
2010	$ -
2011	-
2012	-
2013	75,000
2014	150,000
Thereafter	26,870,000
Total	$ 27,095,000

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment at May 31, 2009 and 2008 are summarized as follows:

	2009	2008
Building	$ 27,613,665	$ 27,613,665
Building improvements	638,283	532,549
Furniture, fixtures and equipment	1,486,000	1,486,000
	29,737,948	29,632,214
Less accumulated depreciation	4,972,772	4,075,992
Total property, plant and equipment	$ 24,765,176	$ 25,556,222

NOTE 4 - TRANSACTIONS WITH RELATED PARTIES

At May 31, 2009 and 2008, the Corporation had net accounts receivable of $1,088,295 and $203,783, respectively, due from the University. The receivable is non-interest-bearing and is payable on demand.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Letter of Credit

In May 2002, in order to enhance the marketability of the Bonds, the Corporation executed a letter of credit agreement with a third party lender in the amount of $28,964,250, of which $28,350,000 was to support the unpaid principal amount of the Bonds and $614,250 was to support up to 65 days accrued interest thereon, at an assumed interest rate of 12% per annum. In September 2006, the Corporation terminated its existing letter of credit and entered into a new letter of credit with a different third party lender. The current letter of credit is in the amount of $27,652,644, of which $27,095,000 was to support the unpaid principal amount of the bonds and $557,644 was to support up to 35 days of accrued interest. At May 31, 2009 and 2008, no amounts were drawn against the letter of credit. The letter of credit contains various covenants which have either been met or waived as of May 31, 2009.

Ground Lease

In May 2002, the Corporation entered into an agreement to lease the land underlying the Project from the University for an annual fee of $5,342. The term of the lease is 40 years and expires on May 31, 2042.

NOTE 5 - COMMITMENTS AND CONTINGENCIES (continued)

Furniture Lease

The Corporation entered into a capital lease of furniture, fixtures, and equipment (Furniture) with the University on August 1, 2003. The terms of the 10-year lease state that the Corporation may not sell, pledge, mortgage, or otherwise encumber any of the Furniture. As of May 31, 2009 and 2008, $1,486,000 is included in property representing the fair value of the Furniture at lease inception. As of May 31, 2009 and 2008, accumulated depreciation of $854,450 and $705,850, respectively, was related to the Furniture. Accordingly, $148,600 of depreciation expense for each of the years ended May 31, 2009 and 2008 is related to the Furniture. The effective interest rate of the lease is approximately 3.85% at May 31, 2009 and 2008.

At May 31, 2009, the future minimum lease payments related to the capital lease are as follows:

Years Ending May 31

2010	$	181,000
2011		181,000
2012		181,000
2013		180,500
2014		167,000
Less amounts allocated to interest		(85,500)
Total capital lease	$	805,000

Operating Lease

On December 30, 2003, the Corporation entered into an operating lease with the University whereby the University committed to lease unoccupied beds at the Project sufficient to allow the Corporation to achieve a debt service ratio of 1.0. The lease is for five years; thereafter, the lease shall automatically renew for successive one-year periods. For the years ended May 31, 2009 and 2008, it was not necessary for the University to lease unoccupied beds due to the Corporation achieving a debt service ratio of 1.0.

NOTE 5 - COMMITMENTS AND CONTINGENCIES (continued)

Management Agreement

In May 2002, the Corporation entered into a management agreement with the University's housing office (the Manager). The Manager is responsible for the collection of all fees, payment of operating expenses, performance of certain management obligations, as defined in the agreement, and leasing of the facilities upon completion of the Project. The management agreement took effect August 1, 2002 and has been extended annually thereafter, and will be extended automatically for additional one-year terms unless either party provides notice of termination. Management fees are included within general and administrative expenses in the accompanying Statements of Activities. As a result of the management agreement, the Corporation does not maintain any cash accounts. Therefore, the receivable due from affiliate, net, shown on the Statements of Financial Position represents the difference between fees collected and operating expenses paid by the University, on behalf of the Corporation.

NOTE 6 - RECLASSIFICATIONS

Certain reclassifications have been made in the 2008 financial statements to conform with the presentation of the 2009 financial statements. Such reclassifications have had no effect on total net assets or change in net assets previously reported.