



Thomas A. Schweich
Missouri State Auditor

ADMINISTRATION

Missouri Health and Educational Facilities Authority

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Thomas A. Schweich
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CITIZENS SUMMARY

Findings in the audit of the Missouri Health and Educational Facilities Authority (MOHEFA)

Expenditures	MOHEFA has not established travel policies in compliance with Executive Order No. 92-6 and does not adequately control travel costs for its board members, employees, or contractors. MOHEFA reimbursed some personal incidental expenses and some expenses which exceeded costs allowable under state regulations. Some MOHEFA expenses did not appear prudent or necessary, and MOHEFA did not always retain adequate supporting documentation. MOHEFA paid contractors over \$239,000 in fiscal year 2010 but failed to file Forms 1099, as required by the IRS.
Fund Balance and Fees	MOHEFA has not modified its fee structure since 2007 and collected over \$990,000 in annual service fees in fiscal year 2010. MOHEFA has a fund balance of over \$10 million with limited plans for its use. If MOHEFA does not have plans to expand its existing programs or develop new programs, it should re-evaluate its fees to ensure they are reasonable and necessary to carry out its purposes.
Procurement and Contracts	MOHEFA has not adopted a formal procurement policy as required by Executive Order No. 92-6 and has not always solicited competitive proposals for goods and services. MOHEFA has not periodically solicited competitive proposals for professional services and did not solicit bids for the purchase of its copier or the publication of its annual report. MOHEFA should receive, review and retain adequate supporting documentation for amounts billed for auditing, accounting and legal services. We identified a \$591 overpayment by MOHEFA because its legal services provider billed at the higher 2009 rate for services performed in 2008; MOHEFA subsequently received a credit for that amount.

In the areas audited, the overall performance of this entity was **Good**.*

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	The Missouri Health and Educational Facilities Authority did not receive any federal stimulus monies during the audited time period.
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*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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Missouri Health and Educational Facilities Authority

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THOMAS A. SCHWEICH

Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the Board of Directors
and
Michael Stanard, Executive Director
Missouri Health and Educational Facilities Authority
Chesterfield, Missouri

We have audited certain operations of the Missouri Health and Educational Facilities Authority in fulfillment of our duties under Chapter 29, RSMo. The authority engaged Schmersahl Treloar and Company, Certified Public Accountants (CPAs), to audit the authority's financial statements for the years ended December 31, 2010, 2009, and 2008. To minimize duplication of effort, we reviewed the reports and substantiating working papers of the CPA firm. The scope of our audit included, but was not necessarily limited to, the years ended December 31, 2010, 2009, and 2008. The objectives of our audit were to:

1. Evaluate the authority's internal controls over significant management and financial functions.
2. Evaluate the authority's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the authority, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the authority's management and was not subjected to the procedures applied in our audit of the authority.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with certain legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri Health and Educational Facilities Authority.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Travis Owens, MBA, CFE
Audit Staff:	Janielle Robinett

Missouri Health and Educational Facilities Authority

Management Advisory Report

State Auditor's Findings

1. Expenditures

Concerns were noted regarding travel costs, unnecessary purchases, failure to retain supporting documentation, and failure to file IRS Form 1099s as required.

1.1 Travel costs

The Missouri Health and Educational Facilities Authority (MOHEFA) does not adequately control travel costs of board members, employees, or contracted professional service providers. The MOHEFA has not established travel policies that are substantially equivalent to travel policies for state agencies, as required by Executive Order No. 92-6.

Executive Order No. 92-6 requires all state boards and commissions to maintain a policy governing travel rules and regulations equivalent to or substantially equivalent to rules established by the Missouri Office of Administration (OA). The state travel policy (SP-6) issued by OA establishes standard policies and limits for lodging and meals and requires agencies to select the most cost effective mode of travel. Out-of-state travel costs for lodging and meals are generally limited to rates for the continental United States (CONUS) established by the U.S. General Services Administration. The MOHEFA travel policy was outlined in a memo dated August 21, 2003, drafted by the Board Chair at that time and allows for any expense necessary for a board member or staff to attend events including training sessions, conferences, and meetings. The policy does not establish monetary limits on meals and lodging and does not require a determination of the most economical mode of travel or guidelines for making that determination.

During the 3 years ended December 31, 2010, MOHEFA costs for conferences and conventions totaled just under \$25,000 and costs for meetings totaled over \$18,000. All travel costs were charged to these two categories. These categories also include a small amount of other expenses such as conference registration fees and miscellaneous board meeting expenses. Of the \$43,000 spent in these categories we reviewed expenditures totaling about \$13,000 and identified costs totaling approximately \$7,200 that exceeded costs allowable under state travel regulations or were unnecessary. The questionable expenditures identified represent approximately 55 percent of the costs reviewed in these categories.

Employee and contractor travel costs

The MOHEFA travel policy does not provide per meal or per diem limits. Our audit noted other costs were incurred that would not be allowable under state travel regulations. MOHEFA employees and the financial advisor incurred travel expenses for airfare, mileage, meals, and lodging for at least two out-of-state conferences each year and other training sessions and meetings. We reviewed meal costs incurred by employees while attending three out-of-state conferences in 2008 and 2009. In total, we reviewed meal costs for 9 travel days totaling about \$518 and noted costs exceeded the



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CONUS rates for 5 of those days by a total of \$299. One employee charged \$145 for meals for himself and his spouse on the day after an April 2009 conference ended and there did not appear to be any business purpose for those costs. Another employee attending the same conference returned the day the conference ended and incurred no additional costs. We also noted personal incidental expenses totaling \$205 for laundry, long distance, and parking for the board's financial advisor while attending a conference were reimbursed. The Executive Director agreed these were personal charges which should not have been reimbursed. In total, for the 9 days reviewed we identified \$649 in employee and contractor costs that exceeded costs allowable under state travel regulations.

Board travel costs

MOHEFA policy does not provide for effective control of board member travel costs. Board members may attend monthly meetings in person or via conference call and some members incur travel expenses for mileage, meals, and lodging when attending monthly meetings. We noted instances where lodging and meal reimbursements and related travel costs exceeded state limits or appeared unreasonable including:

- We tested credit card expenditures of approximately \$952 related to three 2-day trips by a board member for attendance at board meetings. The nightly lodging costs exceeded the CONUS limits by \$98, \$14, and \$38. The board member also charged meals of \$158, \$125, and \$101 per trip. MOHEFA officials indicated meals for the board member's spouse were included; however, no itemized receipts were provided. MOHEFA policies allow reimbursement of meals for spouses of board members while attending MOHEFA functions. Due to the lack of itemized receipts and documentation regarding departure and return times, we were unable to determine if the meal costs exceeded the state per diem or CONUS limits.
- On two occasions the MOHEFA incurred costs for chartered flights and car service for board members to attend board meetings. One board member incurred expenses of \$2,886 for a chartered flight and \$132 for car service to attend the July 2008 meeting. The same board member and another member incurred expenses of \$1,061 for a chartered flight and \$129 for car service to attend the April 2010 meeting. Had the board members driven their own vehicles and been reimbursed mileage, the MOHEFA would have realized a cost savings of approximately \$2,600 for the 2008 trip and \$650 for the 2010 trip, including estimated additional lodging and meal costs. The MOHEFA travel policy does not require members or employees to determine the most economical mode of travel.

To better control travel costs and comply with Executive Order No. 92-6, the MOHEFA should establish travel policies for employees, board



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members, and contractors that are substantially equivalent to state travel policies including limits for lodging and meals, and ensure the most economical mode of travel is used.

1.2 Unnecessary expenditures

We noted expenditures which did not appear to be prudent or necessary uses of MOHEFA funds:

- The annual sponsorship of a convention for a hospital industry association totaling \$37,500 for the 3 years ended December 31, 2010. The annual convention sponsorship includes about \$9,500 for food and \$3,000 for beverages (including alcohol) for an estimated 500 attendees. In addition, the MOHEFA provided \$6,000 over the 3 years for a sponsorship of the association's annual leadership forum. The MOHEFA indicated the members of the association include entities participating in MOHEFA bond financing activities. MOHEFA officials also indicated such sponsorships provide a positive benefit to the MOHEFA including an increased demand for MOHEFA services.
- Three annual dinners totaling about \$2,700 which averaged \$72, \$74, and \$50 per person during the years ended December 31, 2008, 2009, and 2010, respectively. The annual dinners are hosted for board members, employees, and their spouses. No documentation was available to support whether authority business was conducted at the annual dinner, and itemized receipts were not retained. The dinners took place in March on the same date as a board meeting during which new officers were elected for the subsequent year.

These expenditures, totaling about \$46,200, do not appear to be necessary costs required to support the MOHEFA's mission and maintain its operations and activities.

1.3 Supporting documentation

Adequate supporting documentation was not retained to support some items purchased. We reviewed the supporting documentation for 15 journal entries totaling about \$14,000 related to credit card transactions. Itemized invoices were not retained for 4 credit card transactions totaling \$2,171. Purchases included picture framing services of \$1,110; lodging charges of \$701; a cell phone purchase of \$182 by the Executive Director; and an employee training course costing \$178. Proper document retention is necessary to demonstrate compliance with internal policies and procedures.

1.4 IRS Form 1099

The MOHEFA does not have adequate procedures in place to ensure a Form 1099 is filed with the Internal Revenue Service (IRS) when required. As a result, the MOHEFA did not file Form 1099s with the IRS for payments to the financial advisor, legal counsel, or legislative consultant for any of the 3 years ended December 31, 2010, as required. Total payments to these contractors in 2010 exceeded \$239,000.



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Sections 6041 through 6051 of the Internal Revenue Code require payments of at least \$600 or more in a year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations, unless legal services were provided) be reported to the federal government on Form 1099-MISC.

Recommendations

The MOHEFA:

- 1.1 Establish travel policies that are substantially equivalent to those for state agencies as required by Executive Order No. 92-6, including limits for lodging and meals, and ensure the most economical mode of travel is used.
- 1.2 Ensure all expenditures are reasonable and necessary to support the operations of the authority.
- 1.3 Ensure all invoices and receipts are retained with the billing statement for credit card purchases.
- 1.4 Prepare and submit IRS Form 1099-MISC as required by the Internal Revenue Code.

Auditee's Response

- 1.1 *MOHEFA agrees that a more detailed travel policy should be adopted for Board Members, staff and advisors. We will endeavor to enhance and revise our policies as such. We will continue our level of limited travel, seek to achieve substantial and reasonable compliance with limits set forth in Executive Order No. 92-6 (even though its applicability to the Authority may be uncertain) and ensure the best and most economical mode of travel, lodging and meals are used.*
- 1.2 *We believe expenditures have been reasonable and beneficial to Authority operations and will continue to monitor all expenses to ensure the Authority's resources are used in best achieving its mission. In addition, we will continue to monitor the need for Authority Member participation in certain dinners.*
- 1.3 *We agree and even more care will be taken to ensure that proper receipts and invoices are retained with the statements.*
- 1.4 *We are seeking professional advice on proper filing of Forms 1099 and will file in the future if so advised.*



2. Fund Balance and Fees

The MOHEFA has accumulated an unrestricted fund balance of approximately \$10.1 million with only limited plans for its use. The MOHEFA has not adjusted its fee structure since 2007.

As of December 31, 2010, MOHEFA assets included about \$6,600,000 in cash and cash equivalents, \$200,000 in investments, and \$3,500,000 in notes receivable and other assets. The MOHEFA has not developed any additional plans to use the available funds to develop new programs to further its public mission.

The MOHEFA issues bonds which are conduit debt and the MOHEFA has no liability for repayment of the debt, which is the responsibility of program participants. MOHEFA officials indicated they have attempted, with limited success, to expand the Health and Educational Loan Program (HELP). They also offer the School District Advance Funding Program and the Higher Education Working Capital Loan Program. Additionally, the MOHEFA administers the School District Direct Deposit Program in coordination with Missouri Department of Elementary and Secondary Education. MOHEFA officials indicated that statutory restrictions severely limit their ability to develop new programs. The MOHEFA collects related application and issuance fees for these programs and collects interest on loans and notes receivable. The revenues from fees and interest earnings on loans and notes receivables during the 3 years ended December 31, 2010, totaled approximately \$3.4 million.

During the 3 years ended December 31, 2010, the MOHEFA also received revenues of about \$449,000 from investments. The unrestricted fund balance has increased from \$8,816,139 at December 31, 2007, to \$10,133,416 as of December 31, 2010, an increase of \$1,317,277 (15 percent). Annual disbursements averaged about \$842,000 during the 3 years ended December 31, 2010. The unrestricted fund balance at December 31, 2010, is about 12 times greater than the 3 year average annual expenditures.

Pursuant to Section 360.095(1), RSMo, the MOHEFA is authorized to collect an annual service fee in an amount fixed from time to time by the authority, not exceeding one-tenth of one percent of the outstanding principal amount of any bonds issued by the authority. The fees shall be used for necessary administrative expenses and for necessary expenses incurred in determining the need for facilities in the area concerned.

Application fees for a bond issuance are set at \$1,000. Annual service fees are .02 percent of the amount outstanding for each bond issue up to \$40 million and .01 percent for the portion of bonds outstanding over \$40 million. As of December 31, 2010, MOHEFA reported a total of approximately \$7.2 billion in bonds were outstanding and for the year ended December 31, 2010, reported annual service fee revenues of over \$992,000.



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The MOHEFA last modified the fee structure in 2007. Prior to 2007, the annual service fee was set at .03 percent.

The current MOHEFA fee structure is comparable to other similar entities that issue bonds, such as the Missouri Development Finance Board and the Environmental Improvement and Energy Resources Authority. Given the substantial fund balance, it appears the MOHEFA could reduce fees without impairing its financial stability. A reduction of fees would reduce the cost of financing to the entities using MOHEFA services.

Accumulating an excessive fund balance without adequate long-term plans for the use of the monies does not further the public mission of the MOHEFA. The MOHEFA should examine its current fee structure to ensure fees are reasonable and necessary to carry out its purposes as established in state law and to benefit entities using MOHEFA services.

Recommendation

The MOHEFA re-evaluate its fee structure to ensure fees are reasonable and necessary to carry out its purposes.

Auditee's Response

We agree MOHEFA's fund balance has grown and, as a result, reduced our annual service fee by 1/3 in 2007. Currently MOHEFA's fees are less than 20 percent of what is allowed by statute and are the 4th lowest nationally among 39 similar state authorities. We will continue to periodically consider the fee structure with respect to the Authority's operations, value to the borrowing institution and potential industry and financial uncertainties in the future. The fund balance is used to make loans to small borrowers under the HELP Program and to serve as a reserve fund of three times annual expenses. Since the HELP Program's inception in 1996, MOHEFA has made 28 loans totaling \$6.9 million with an outstanding balance as of June 30, 2011, of \$3.3 million. Numerous other programs, program enhancements and potential uses have been regularly considered by MOHEFA.

3. Procurement and Contracts

The MOHEFA has not adopted a formal procurement policy and has not always solicited competitive proposals for goods and services. Additionally, the MOHEFA did not always ensure vendor billings complied with all terms and conditions of contracts.

3.1 Procurement policies

The MOHEFA does not have a formal procurement policy. As a result, the decision whether or not to solicit competitive proposals for a particular purchase is made on an item-by-item basis.

Bond issuance services

The MOHEFA has not periodically solicited competitive proposals for legal, legislative, and financial consulting services related to MOHEFA bond issuances. Officials stated competitive proposals for these services were solicited in 2004 and the initial contracts were awarded for a period of



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5 years. The contracts expired in 2009 and the MOHEFA did not solicit competitive proposals prior to extending the contracts for an additional 5 years. The MOHEFA agreed to minimal price increases and no other significant changes to the contract terms were noted. Payments to the general counsel, legislative consultant, and financial advisor totaled about \$728,000 during the 3 years ended December 31, 2010.

After the extension of the financial advisor's initial contract through 2014, the MOHEFA subsequently solicited competitive proposals for a new financial advisor in 2010, after the death of the former advisor. The new contract was awarded to the lowest and best bidder under similar terms and conditions as the previous financial advisor contract.

Other goods and services

The MOHEFA has not periodically solicited competitive proposals for banking, auditing, and accounting services and does not always solicit proposals for other goods and services.

The MOHEFA utilizes one primary checking account for deposits and disbursements. This overnight repurchase account has been held at the same bank since approximately 1997. According to MOHEFA officials, the bank deducts a portion of the monthly service fees from the interest earned on the account. The MOHEFA has not solicited proposals for banking services since 1997 and has not performed an analysis of fees at other local banks to determine if it receives a competitive rate.

The MOHEFA contracts with a local accounting firm for completion of the annual financial audit, preparation of monthly bank reconciliations, and an annual review of the school district direct deposit program. Officials stated competitive proposals for these services were solicited in 2004 and the initial contracts were awarded for a period of 5 years. The contracts for these services expired in 2009 and the MOHEFA did not solicit competitive proposals prior to extending the contracts for an additional 5 years. The MOHEFA agreed to minimal price increases and no other significant changes to the contract terms were noted. Payments to the accounting firm totaled about \$25,000 for the 3 years ended December 31, 2010.

During our review of expenditures we noted other goods and services which were not competitively selected, including publication costs and purchase of a copier. Each year the MOHEFA publishes an annual report to send to potential stakeholders. Publication costs for the 3 years ended December 31, 2010, totaled approximately \$8,000 annually. Additionally, the MOHEFA purchased a new copier in 2009 for about \$12,000. MOHEFA officials stated they were satisfied with the services of these vendors and, although they requested price quotes in advance, they did not solicit competitive proposals from other vendors.



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Per Executive Order No. 92-6 all state boards and commissions are to implement purchasing policies equivalent to or substantially equivalent to state purchasing guidelines outlined in Chapter 34, RSMo. Section 34.040.1, RSMo, requires competitive bids on all expenditures in excess of \$3,000.

Formal procurement policies would provide a framework for the economical management of resources of the MOHEFA and help ensure competitive proposals are obtained when appropriate. By periodically soliciting competitive proposals for goods and services, the MOHEFA could help ensure it receives fair value by contracting with the lowest and best bidders and also help ensure all parties are given equal opportunity to participate in MOHEFA business. Documentation of bids should be retained and include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices when available, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

3.2 Contracts and invoices

Concerns were noted regarding documentation required to support charges for auditing and accounting services and contract pricing for legal services.

Auditing and accounting services

The MOHEFA did not require adequately detailed contracts and did not always receive adequate supporting documentation prior to payment of invoices for auditing and accounting services. While the contracts with the accounting firm specify an annual maximum for the annual financial audit, preparation of monthly bank reconciliations, and annual review of the direct deposit program, the contracts do not specify the hourly rate for the services performed. The contracts indicate charges will be based on hours required to perform the services. The invoices submitted by the accounting firm do not provide sufficient detail of the charges and charges appear to be based on a flat monthly rate which conflicts with the language in the contract.

Legal services

The MOHEFA did not always ensure the charges for legal services complied with the terms of the contract. Payments to the law firm totaled about \$216,000 for the 3 years ended December 31, 2010. The contract specifies separate hourly rates for partners and associates which increase annually. The invoice for services incurred between August and December 2008 was calculated using the higher 2009 pricing which resulted in an overpayment of \$591. After we brought this matter to the attention of MOHEFA officials, they requested and subsequently received a credit for the overbilled amount.

Detailed supporting documentation is necessary to allow the MOHEFA to adequately review services performed and ensure the reasonableness of amounts billed. Invoices should be compared to all terms and conditions of the contract to ensure compliance prior to payment to the vendor.



Missouri Health and Educational Facilities Authority
Management Advisory Report - State Auditor's Findings

Recommendations

The MOHEFA:

- 3.1 Establish a formal procurement policy to ensure competitive proposals for goods and services are solicited on a periodic basis.
- 3.2 Ensure all invoices agree to contract terms and contain sufficient detail, including actual hours incurred and hourly rates billed.

Auditee's Response

- 3.1 *We will endeavor to formalize our policy for procurement of goods and services and will competitively solicit quotes when possible and reasonable. Contracts with advisors are reviewed annually and have been bid periodically in the past. We will continue to do so when appropriate and in the best interest of the Authority and its borrowers. Exceptions will be better documented in the future.*
- 3.2 *Contracts and invoices for professional services have almost always agreed with rare exceptions. The contract with the Authority's independent auditor will be adjusted to better reflect the intent of both parties.*

Missouri Health and Educational Facilities Authority

Organization and Statistical Information

The Missouri Health and Educational Facilities Authority (MOHEFA) was created by an act of the General Assembly and established in 1975 pursuant to Section 360.020, RSMo. The authority issues conduit debt for the financing of capital improvement projects for nonprofit health and educational facilities located in Missouri. The MOHEFA is governed by seven members appointed by the Governor. The authority is a self-supporting entity administratively assigned to the Office of Administration of the State of Missouri. The MOHEFA receives no state support or appropriations.

The MOHEFA's mission is to provide access to the capital markets in an effort to lower the cost of health and educational services in Missouri by providing high quality, readily available, low cost financing alternatives for Missouri public and private, nonprofit health and educational institutions. In addition to issuing bonds, the MOHEFA offers the Health and Educational Loan Program, the School District Advance Funding Program, and the Higher Education Working Capital Loan Program. The MOHEFA also serves as program trustee for the Missouri School District Direct Deposit Program administered in conjunction with the Missouri School Boards' Association.

Members of the authority at December 31, 2010, were:

Appointed Board members	Term Expires
Judith Scott, Chairman	July 30, 2011
Nadia Caverner, Vice-Chairman (1)	July 30, 2007
Kevin Thompson, Treasurer (1)	July 30, 2009
Donald Thompson (1)	July 30, 2008
Thomas Carlson (1)	July 30, 2010
Sarah Maguffee	July 30, 2013
Vacant	n/a

(1) Member continues to serve until a replacement is named.

Michael Stanard has served as the MOHEFA's Director since approximately May 1998. Additionally, the authority employs two staff to conduct the day to day business of the MOHEFA.

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The MOHEFA did not receive any federal stimulus monies during the 3 years ended December 31, 2010.

A summary of the MOHEFA's financial activity is presented in the following appendixes.

Appendix A

Missouri Health and Educational Facilities Authority
Comparative Balance Sheet

		December 31,		
		2010	2009	2008
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$	6,616,055	1,958,956	175,247
Investments		225,000	4,541,000	6,403,453
Receivables		26,482	187,745	116,599
Notes receivable, current portion		425,680	359,390	300,337
Prepaid expenses and other current assets		46,096	50,687	53,748
Total Current Assets		<u>7,339,313</u>	<u>7,097,778</u>	<u>7,049,384</u>
NOTES RECEIVABLE		2,920,578	2,735,895	2,324,254
PROPERTY, PLANT, AND EQUIPMENT, net		9,041	12,473	16,649
TOTAL ASSETS	\$	<u><u>10,268,932</u></u>	<u><u>9,846,146</u></u>	<u><u>9,390,287</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$	5,089	12,750	16,603
Deferred administrative fee income		130,427	144,565	140,908
Total Current Liabilities		<u>135,516</u>	<u>157,315</u>	<u>157,511</u>
NET ASSETS				
Unrestricted		10,133,416	9,688,831	9,232,776
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>10,268,932</u></u>	<u><u>9,846,146</u></u>	<u><u>9,390,287</u></u>

Source: Excerpt from the MOHEFA audited financial statements

Appendix B

Missouri Health and Educational Facilities Authority
 Comparative Statement of Revenues, Expenses, and Changes in Net Assets

	Years Ended December 31,		
	2010	2009	2008
REVENUE			
Administrative fees	\$ 992,454	968,051	893,991
Interest income - HELP program	125,327	120,505	97,093
Direct deposit program fees	68,000	32,400	30,800
Application fees and other	25,008	14,000	27,111
Total Revenue	1,210,789	1,134,956	1,048,995
OPERATING EXPENSES			
Salaries and fringe benefits	380,591	362,069	346,527
Legal and professional fees	240,142	255,332	261,146
General and administrative expenses	216,435	230,600	233,745
Total Operating Expenses	837,168	848,001	841,418
Operating Income	373,621	286,955	207,577
NON-OPERATING INCOME			
Investment income	70,964	169,100	209,060
CHANGES IN NET ASSETS	444,585	456,055	416,637
NET ASSETS, Beginning of year	9,688,831	9,232,776	8,816,139
NET ASSETS, End of year	\$ 10,133,416	9,688,831	9,232,776

Source: Excerpt from the MOHEFA audited financial statements

Appendix C

Missouri Health and Educational Facilities Authority
 Outstanding Conduit Debt Obligations

	December 31, 2010		December 31, 2009		December 31, 2008	
	Issues	Amount	Issues	Amount	Issues	Amount
Revenue Bonds Payable	131	\$7,188,730,932	137	\$7,036,943,220	141	\$6,779,331,314
Private Education Notes Payable	2	9,200,000	8	35,895,000	2	6,700,000
Total	133	\$7,197,930,932	145	\$7,072,838,220	143	\$6,786,031,314

Source: Excerpt from the MOHEFA audited financial statements