

**INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY**

FINANCIAL STATEMENTS

June 30, 2007

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
Indianapolis, Indiana

FINANCIAL STATEMENTS
June 30, 2007

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REPORT OF INDEPENDENT AUDITORS

To the Members of Indiana Finance Authority, successor to
Indiana Health and Educational Facility Financing Authority
Indianapolis, Indiana

We have audited the accompanying basic financial statements of Indiana Health and Educational Facility Financing Authority as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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 Indiana Health and Educational Facility Financing Authority at June 30, 2007, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 10 to the financial statements, the powers and duties of the Indiana Health and Education Facility Financing Authority were transferred to the Indiana Finance Authority effective July 1, 2007.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
November 16, 2007

INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

June 30, 2007

This section of the Indiana Health and Educational Facility Financing Authority's (the "Authority") financial report provides a discussion and analysis of the financial performance during the year ended June 30, 2007. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*. Please read it in conjunction with the Report of Independent Auditors, the basic financial statements, and the accompanying notes.

Background of the Authority: The Indiana Health and Educational Facility Financing Authority (the "Authority"), is the resulting authority from the merger of the Indiana Health Facility Financing Authority (the "IHFFA") and the Indiana Educational Facility Authority (the "IEFA"), effective May 15, 2005. The former IHFFA and the former IEFA maintained their separate respective financial reporting identities through June 30, 2005. Starting July 1, 2005, the financial reporting identities were combined under the identity of the new Authority. The Authority provides affordable financing alternatives for Indiana health care organizations and private institutions of higher education. The Authority offers a number of programs to meet the financing needs of health care providers and private institutions of higher education such as financing for capital expenditures and refinancing of outstanding indebtedness. The Authority's bonds are payable solely out of loan or lease payments from the health care organization and higher education institutions, resulting in materially lower financing cost to the borrowing institution.

The Authority is accounted for as an enterprise fund. Assets, liabilities, revenues and expenses are recognized using the economic resources measurement focus and the accrual basis of accounting. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements. In addition, the Authority follows all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Financial Highlights: Management believes an important indicator of the Authority's financial health is whether or not the Authority receives sufficient revenue to pay debt service on the Authority's non-conduit revenue bonds and meet its other obligations when due. In Fiscal Year 2007 and prior fiscal years since the Authority and its predecessor entities were established, the Authority received sufficient revenue to pay its debts and meet its other obligations.

To note some major accomplishments in Fiscal Year 2007, the Authority:

- Issued \$1.0 million in loans from the 1985A bond issue pool.
- Paid \$3.1 million of interest on long-term debt, which matures in 2016.

INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

June 30, 2007

- Issued \$1.14 billion in debt obligations on behalf of certain health and higher education facilities. These bonds, notes and other obligations do not constitute debt of the Authority, but are special obligations between investors and the debtors payable solely from the payments received by the trustee under the loan agreements and meet the definition of conduit debt.
- Disbursed \$230,000 in capital calls as part of the \$2 million capital commitment made to the Indiana Seed Fund I, LLC, bringing the total outlay to \$417,000 as of June 30, 2007,

BASIC FINANCIAL STATEMENTS

The Authority is accounted for as an enterprise fund. Assets, liabilities, revenues and expenses are recognized using the economic resources measurement focus and the accrual basis of accounting. Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services.

The basic financial statements include:

- Statement of Net Assets
- Statement of Revenues, Expenses, and Changes in Net Assets
- Statement of Cash Flows

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide data that are more detailed.

CONDENSED FINANCIAL INFORMATION

Statement of Net Assets

A summarized schedule of the Authority's assets, liabilities and net assets at June 30 follows:

	<u>2007</u>	<u>2006</u>
Total current assets	\$ 61,682,027	\$ 72,128,980
Total noncurrent assets	<u>25,266,609</u>	<u>28,911,955</u>
 Total assets	 <u>\$ 86,948,636</u>	 <u>\$ 101,040,935</u>
 Total current liabilities	 \$ 190,067	 \$ 355,470
Long-term maturities of debt	<u>77,600,000</u>	<u>92,400,000</u>
 Total liabilities	 77,790,067	 92,755,470
 Total net assets	 <u>9,158,569</u>	 <u>8,285,465</u>
 Total liabilities and net assets	 <u>\$ 86,948,636</u>	 <u>\$ 101,040,935</u>

INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

June 30, 2007

The net assets of the Authority (the excess of its assets over its liabilities) at June 30, 2007 and 2006 were \$9,158,569 and \$8,285,465, respectively. Of this amount, \$776,171 is restricted for debt service in 2007 and \$858,624 was restricted in 2006. The remaining balance is unrestricted.

Statement of Revenues, Expenses and Changes in Net Assets

A summarized schedule of the Authority's operating revenues, operating expenses and nonoperating revenues for the year ended June 30 follows:

	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 4,926,483	\$ 4,527,610
Operating expenses	<u>4,424,472</u>	<u>4,152,117</u>
Operating income	502,011	375,493
Nonoperating revenues	<u>371,093</u>	<u>211,769</u>
Change in net assets	<u>\$ 873,104</u>	<u>\$ 587,262</u>

Total operating revenues for the year ended June 30, 2007 were \$4,926,483, which includes loan interest income of \$1,298,694, investment income of \$2,649,963, administrative fees of \$952,070 and other income of \$25,756.

Total operating revenues for the year ended June 30, 2006 were \$4,527,610, which includes loan interest income of \$1,141,530, investment income of \$2,537,212, administrative fees of \$816,523 and other income of \$32,345.

Total operating expenses for the year ended June 30, 2007 were \$4,424,472, of which \$3,060,646 consists of interest expense on debt with bondholders.

Total operating expenses for the year ended June 30, 2006 were \$4,152,117, of which \$2,774,266 consists of interest expense on debt with bondholders.

Operating Analysis

The Authority's operations consist of issuing conduit debt for health care providers and nonprofit educational institutions.

The Authority charges administrative fees for its services. In fiscal year 2007 and 2006, administrative fees earned were \$952,070 and \$816,523, respectively. The revenue from the administrative fees is used to pay for the day-to-day operations of the Authority.

Nonoperating Activities

The only nonoperating revenue shown on the Authority's financial statements is interest income earned on the investments that are not restricted as part of its bond issuance activities.

INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

June 30, 2007

Capital Assets

Equipment used for the Authority totaled \$24,955 at June 30, 2007 and 2006 with accumulated depreciation of \$17,277 and \$12,417, respectively. There were no additions during the year ended June 30, 2007 or 2006. Additional information on the Authority's capital assets can be found in Note 4 to the financial statements.

Debt Administration

The Authority had long-term debt outstanding at June 30, 2007 and 2006 totaling \$77.6 million and \$92.4 million, respectively, which relates to the 1985A Revenue Bonds. The difference of \$14.8 million reflects a mandatory call made in December 2006. The bonds all mature in fiscal year 2016. The total amount of conduit debt outstanding for fiscal year 2007 and 2006 was approximately \$7.079 billion and \$6.222 billion, respectively. Additional information on the Authority's long-term debt can be found in Note 5 to the financial statements.

Currently Known Facts

The Indiana General Assembly Enrolled Act 524 abolished the Indiana Health and Education Financing Authority and transferred its powers and duties to the Indiana Finance Authority (IFA). This act was passed in the 2007 Spring Session of the General Assembly and became effective on July 1, 2007.

Economic Factors and Next Year's Activities

It is anticipated that Indiana health care providers and private institutions of higher education will continue to experience capital needs for which the IFA can provide financing. If interest rates remain low, many borrowers may choose to take advantage of the favorable market conditions and finance their capital needs sooner rather than later. In addition, some borrowers may want to refinance their higher interest rate debt. Based on current economic factors, the IFA expects to experience a steady flow of conduit debt activity into the next fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report should be addressed to the Indiana Health and Educational Facility Financing Authority, One North Capital, Suite 900, Indianapolis, Indiana 46204.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2007

ASSETS

Current assets:

Cash and cash equivalents (Note 2)	\$ 629,939
Accrued administration fees	109,096
Accrued investment income	225,145
Investments (Note 2)	56,985,684
Accrued interest on loans	28,273
Loans receivable (Note 3)	<u>3,703,890</u>
Total current assets	<u>61,682,027</u>

Noncurrent assets:

Investments (Note 2)	1,323,369
Loans receivable (Note 3)	23,935,562
Capital assets, net (Note 4)	<u>7,678</u>
Total noncurrent assets	<u>25,266,609</u>

Total assets \$ 86,948,636

LIABILITIES AND NET ASSETS

Current liabilities:

Accrued interest on debt	\$ 190,067
Total current liabilities	<u>190,067</u>

Noncurrent liabilities:

Long-term maturities of debt (Note 5)	<u>77,600,000</u>
Total liabilities	<u>77,790,067</u>

Net assets:

Invested in capital assets, net of related debt	7,678
Restricted expendable for debt service	776,171
Unrestricted	<u>8,374,720</u>
Total net assets	<u>9,158,569</u>

Total liabilities and net assets \$ 86,948,636

See accompanying notes to financial statements.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2007

Operating revenues	
Interest on loans	\$ 1,298,694
Investment income	2,649,963
Administration fees	952,070
Contractual service fees	<u>25,756</u>
Total operating revenues	<u>4,926,483</u>
Operating expenses	
Salaries, benefits and related expenses	166,770
Interest expense on debt	3,060,646
Bond insurance	465,667
Bond and investment administration	595,927
Legal and professional fees	71,720
Conferences, meetings and travel	707
Office administration and supplies	22,640
Rent (Note 7)	32,884
Depreciation	4,860
Miscellaneous expense	<u>2,651</u>
Total operating expenses	<u>4,424,472</u>
Operating income	502,011
Nonoperating revenues	
Investment income	<u>371,093</u>
Change in net assets	873,104
Net assets, beginning of year	<u>8,285,465</u>
Net assets, end of year	<u>\$ 9,158,569</u>

See accompanying notes to financial statements.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2007

Operating activities	
Investment interest received	\$ 2,737,013
Principal repayments on loans	2,881,348
Loan interest received	1,314,571
Other receipts for operating activities	1,104,036
Other cash paid for operating activities	<u>(1,491,290)</u>
Net cash provided by operating activities	<u>6,545,678</u>
Investing activities	
Investment interest received	279,961
Net change in investment securities	<u>10,004,834</u>
Net cash provided by investing activities	<u>10,284,795</u>
Financing activities	
Principal payments on debt	(14,800,000)
Interest paid on debt	<u>(3,093,725)</u>
Net cash used for financing activities	<u>(17,893,725)</u>
(Decrease) in cash and cash equivalents	(1,063,252)
Cash and cash equivalents, beginning of year	<u>1,693,191</u>
Cash and cash equivalents, end of year	<u>\$ 629,939</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 502,011
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,860
Interest paid on debt	3,093,725
Net realized losses on investments	91,131
Changes in certain assets and liabilities:	
Accrued administration fees	126,210
Accrued investment income	(4,081)
Accrued interest on loans	15,877
Loans receivable	2,881,348
Accounts payable and other accrued expenses	(132,324)
Accrued interest on debt	<u>(33,079)</u>
Net cash provided by operating activities	<u>\$ 6,545,678</u>

See accompanying notes to financial statements.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Nature of Operations: The Indiana Health and Educational Facility Financing Authority (the "Authority"), is the resulting authority from the merger of the Indiana Health Facility Financing Authority (the "IHFFA") and the Indiana Educational Facility Authority (the "IEFA"), effective May 15, 2005. The IHFFA was established by the 1983 Indiana General Assembly (IC5-1-16) and IEFA was created by legislation enacted into law in 1979 (IC 20-12-63). The Authority provides affordable financing alternatives for Indiana health care organizations and private institutions of higher education. A number of programs are offered to meet the financing needs of health care providers and private institutions of higher education such as financing for capital expenditures and refinancing of outstanding indebtedness. The Authority's bonds are payable solely out of loan or lease payments from the health care organization and higher education institutions, resulting in materially lower financing cost to the borrowing institution.

Measurement Focus and Basis of Accounting: The Authority is accounted for as an enterprise fund. Assets, liabilities, revenues and expenses are recognized using the economic resources measurement focus and the accrual basis of accounting. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements. In addition, the Authority follows all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets: Net assets are displayed in three components:

- The Invested in Capital Assets component consists of property or infrastructure that the Authority acquired, net of any related debt.
- The Restricted Net Assets component represents net assets with constraints placed on their use that are either (i) externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or (ii) imposed by law through constitutional provisions or enabling legislation, as defined in GASB Statement No. 46 - *Net Assets Restricted by Enabling Legislation*.
- The Unrestricted Net Assets component consists of net assets that do not meet the definition of the preceding two components.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents consist primarily of money market funds.

Investments: Investments are generally stated at fair value. Money market investments and U.S. Government agency obligations are carried at amortized cost because their remaining maturity at the time of purchase is typically one year or less. Investment in venture capital is valued based upon unaudited financial reporting of the entities as independent market valuations are not available. The Authority believes the carrying amount of venture capital investments is a reasonable estimate of fair value. Realized and unrealized gains and losses are reflected in the statement of revenues, expenses and changes in net assets.

Loans Receivable: Loans are carried at the principal amount outstanding. Interest income is accrued on the principal balances of loans.

Provision for Loan Losses: Due to the nature of the financing under the loans, management has estimated that no allowance for uncollectible loans was necessary at June 30, 2007.

Capital Assets: Outlays for capital assets and items which substantially increase the useful lives of existing capital assets are capitalized at cost. The Authority provides for depreciation on the straight-line method at rates designated to depreciate the costs of capital assets over their estimated useful lives, which range from five to ten years.

Long-term Debt: Bonds and notes payable are recorded at the principal amount outstanding, net of any applicable premium or discount.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition: The Authority records all revenues derived from its administration of conduit debt and 1985A bond programs as operating revenues since these are generated from the Authority's daily operations needed to carry out its statutory purpose. Annual administrative fees are assessed based on the following:

- Health - The lesser of five (5) basis points of the principal amount of the bonds not yet redeemed on prior year anniversary date or \$5,000
- Higher Education - Five (5) basis points of the principal amount of the bonds not yet redeemed as of December, 31, 2006, to be paid at the beginning of the subsequent calendar year.

Investment income earned from the Authority's unrestricted investments is recorded as nonoperating revenue, while all other investment income on investments restricted as part of its bond issuance activities is recorded as operating.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources as they are needed.

Expense Classification: Expenses have been classified using functional and activity classifications using direct costs and estimated indirect cost allocations based upon time allocation and benefit.

Compensated Absences: Substantially all employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. If material, vacation leave, which has been earned but not paid, is accrued in the financial statements. Compensation for holiday and other qualifying absences is not accrued in the financial statements because rights to such compensation amounts either do not accumulate or vest.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits: Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority's policy requires that the cash equivalent portion of the portfolio be held in savings and checking accounts. The Authority's cash deposits are insured up to \$100,000 per financial institution by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits in excess of the \$100,000 FDIC limits are uninsured. As of June 30, 2007, the Authority's total demand deposits and savings accounts amounted to \$310,225, while the bank balance was \$333,998. The remaining balance of \$233,998 at June 30, 2007 was uninsured and uncollateralized.

Investments: The Authority has a policy that governs investments not subject to trust indenture. Under the policy, assets will be invested prudently with the goal of providing a long-term rate of return in excess of inflation. Investments shall be diversified so as to minimize the risk of loss and to maximize the rate of return, unless under certain circumstances it is clearly prudent not to do so. Funds will be held in fixed income securities, money market funds, and other investments with longer terms and little or no liquidity if the Authority determines by resolution that it has available funds to do so and the investment is in accordance with its public purposes. Funds held by the trustee for the Authority's bond issue are invested in accordance with the terms of the trust indenture for the particular issue which include money market funds and guaranteed investment contracts.

At June 30, 2007, the Authority's cash, cash equivalents and investments are summarized as follows:

Cash and cash equivalents	\$ 629,939
U.S. Government agency obligations	7,308,915
Guaranteed investment contracts	50,674,269
Investment in Indiana Seed Fund I, LLC	<u>325,869</u>
Total cash, cash equivalents and investments	<u>\$ 58,938,992</u>

Restrictions and Commitments: Total cash and investments of \$50,692,506 were required to be held in trust for repayment of debt at June 30, 2007.

At June 30, 2007, the Authority had outstanding capital commitments to the Indiana Seed Fund I, LLC totaling \$1,583,000.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, fixed income securities shall be laddered, so that issue maturities lag to minimize the impact of markets. As of June 30, 2007, all of the Authority's investments subject to interest rate risk had a maturity of less than one year, except U.S. Government agency obligations totaling \$997,500 with a maturity of one to five years.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk: Credit risk is the risk that the insurer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the credit ratings associated with the Authority's investments at June 30, 2007:

	<u>S&P</u>	<u>Moody's</u>	<u>Fitch</u>	<u>Fair Value</u>
Guaranteed investment contracts	AAA	Aaa	AAA	\$ 50,674,269
U.S. Government agency obligations	AAA	Aaa	AAA	498,440
	AAA	Aaa	AAA	997,500
	AAA	Aaa	AAA	592,144
	AAA	Aaa	AAA	327,556
	AAA	Aaa	Unrated	397,252
	Unrated	Unrated	Unrated	4,496,023
				<u>7,308,915</u>
Total rated investments				<u>\$ 57,983,184</u>

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2007, all of the Authority's investments in guaranteed investment contracts, U.S. Government agency obligations, and investment in venture capital were exposed to custodial credit risk. These investments were uninsured and the collateral was held by the pledging financial institution's trust department or agent in other than the Authority's name. The Authority's investment policy does not address how investment securities are to be held.

Concentration of Credit Risk: The Authority's investment policy does not address limits on the amount that may be invested in any one issuer. The Authority holds Guaranteed Investment Contracts issued by Ixis Funding Corporation totaling \$50,674,269, or 90% of investments, which are not explicitly guaranteed by the U.S. Government and are subject to concentration of credit risk.

Foreign Currency Risk: Foreign currency risk relates to adverse affects on the fair value of an investment from changes in exchange rates. The Authority's investment policy prohibits investments in foreign investments.

INDIANA HEALTH AND EDUCATIONAL FACILITY
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NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 3 - LOANS RECEIVABLE

The loans receivable noncurrent balance at June 30, 2007 was \$23,935,562. These amounts represent projects that have been submitted and approved as part of the 1985A bond program. The Authority loaned \$1,007,130 from the 1985A bond issue pool during 2007. Interest earned on loans receivable was \$1,298,694 during the year ended June 30, 2007, and accrued interest on loans was \$28,273 at June 30, 2007. Due to the nature of the financing under the loans, management has determined that no allowance for uncollectible loans was necessary at June 30, 2007.

NOTE 4 - CAPITAL ASSETS

Capital assets during fiscal year 2007 included the following:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital assets, being depreciated:				
Furniture and equipment	\$ 24,955	\$ -	\$ -	\$ 24,955
Less: accumulated depreciation	<u>(12,417)</u>	<u>(4,860)</u>	<u>-</u>	<u>(17,277)</u>
Capital assets, net	<u>\$ 12,538</u>	<u>\$ (4,860)</u>	<u>\$ -</u>	<u>\$ 7,678</u>

NOTE 5 - LONG-TERM DEBT

The Authority had the following debt outstanding at June 30, 2007:

<u>Bond/Note</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Balance</u>
1985A Revenue Bonds	2016	Adjustable	\$77,600,000

There was a \$14.8 million mandatory call made in December 2006. All outstanding bonds are reported as noncurrent. The bonds all mature in fiscal year 2016. The interest rate on the 1985A revenue bonds is adjustable weekly and determined by the bond remarketing agent. During fiscal year 2007, the rate ranged from 3.77% to 3.74% and was 3.74% at June 30, 2007. Upon election by the Authority and the satisfaction of certain conditions, the 1985A revenue bonds may be converted to a fixed interest rate.

INDIANA HEALTH AND EDUCATIONAL FACILITY
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NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 5 - LONG-TERM DEBT (Continued)

Prior to conversion to a fixed interest rate, registered 1985A bondholders may demand purchase of the bonds at a price equal to principal plus accrued interest. The Authority has entered into an agreement with a bond remarketing agent to arrange for the sale of the bonds which are tendered for purchase prior to maturity. However, if such bonds cannot be remarketed, the Authority has entered into a standby purchase agreement with a bank to purchase the bonds. Any bonds purchase by the bank would bear interest at the bank's prime rate and be due at the same maturity dates. The term of the standby purchase agreement extends until the earlier of the fixed rate conversion date or December 20, 2009, provided certain events of default as specified in the agreement do not occur. As of June 30, 2007, none of these events of default had occurred and no bonds had been tendered for purchase. Certain fees to maintain the remarketing and standby purchase agreements are also required to be paid.

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2008	\$ -	\$ 2,902,240
2009	-	2,902,240
2010	-	2,902,240
2011	-	2,902,240
2012	-	2,902,240
2013-2016	<u>77,600,000</u>	<u>11,608,960</u>
	<u>\$ 77,600,000</u>	<u>\$ 26,120,160</u>

The future interest requirements for variable rate bonds are based on interest rates in effect at June 30, 2007.

The Authority's 1985A Variable Rate Demand Bonds were issued in the original amount of \$100,000,000 with a maturity of December 1, 2015. As funds accumulate from repaid loans which are not utilized for new loans, a prescribed aging formula is applied which determines if a mandatory redemption of bonds is required. On December 1, 1993, a mandatory redemption of \$7,600,000 was made, and on December 1, 2006, an additional \$14,800,000 was redeemed. The 1985A Variable Rate Demand Bonds are outstanding in the amount of \$77,600,000 following the 2006 redemption.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 6 - CONDUIT DEBT OBLIGATIONS

The Authority has issued debt obligations on behalf of certain health and higher education facilities for the purpose of construction, improvement of facilities or the refinancing of outstanding debt. These bonds, notes and other obligations and the interest thereon do not constitute debt or liability of the Authority, the State of Indiana, or any political subdivision thereof, but are special obligations between investors and the debtors payable solely from the payments received by the trustee under the loan agreements and meet the definition of conduit debt in GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The Authority had 115 outstanding bond issues and approximately \$7.079 billion principal amount outstanding at June 30, 2007. See Supplementary Schedule of Conduit Debt.

NOTE 7 - OPERATING LEASE

The Authority leases office space pursuant to a non-cancelable operating lease expiring in November 2009. The future total minimum rental payments of approximately \$67,350 are due in monthly installments of \$2,322 through November 2009. The Authority also leases office space under a sublease with the Indiana Finance Authority commencing March 1, 2006. Either party may terminate the agreement upon ninety (90) days written notice to the other party. Monthly rent expense for the sublease was \$986 for the twelve months ended June 30, 2007. Total net rent expense was approximately \$40,000 for the year ended June 30, 2007.

NOTE 8 - OTHER COMMITMENTS(Continued)

The Authority has commitments to pay fees for remarketing and bond insurance premiums as follows:

<u>Description</u>	<u>Annual Fee</u>
Remarketing agreement fee for the remarketing of 1985A bonds tendered for purchase. The agreement extends essentially to the earliest of the fixed rate conversion date or the date of payment of the 1985A bonds.	.10% of the weighted term average 1985A bonds outstanding.
Standby purchase agreement fee for the purchase of tendered 1985A bonds not remarketed. Term of the agreement extends essentially to the earliest of the fixed rate conversion date or December 20, 2009.	25 basis points of the weighted-average 1985A bonds outstanding plus accrued interest for 46 days at 20%. Additional fees would also be due should 1985A bond ratings decline.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 8 - OTHER COMMITMENTS (Continued)

<u>Description</u>	<u>Annual Fee</u>
1985A bond insurance premium. Term of insurance policy extends to December 1, 2015.	.55% of the weighted-average 1985A bonds outstanding.

NOTE 9 - PENSION PLAN

The Authority reimburses the Indiana Finance Authority (the "IFA") for the costs of employee services, including contributions to the Public Employers' Retirement Fund ("PERF"). The IFA contributes to the PERF, an agent multiple-employer public employee retirement system, which acts as a common investment and administrative agent for state employees and employees of the various instrumentalities of the State of Indiana. All full-time state employees are eligible to participate in this defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3) give the IFA the right to contribute and govern most requirements of the system, including the benefits, which vest after ten years of service.

Participants who have reached age 50 may receive retirement benefits with fifteen years of service. A participant may receive benefits at age 65 with ten years of service. Participants are required to contribute 3% of compensation to an annuity savings account. Effective July 1, 1986, legislation permits a PERF employer to make the participant contributions on behalf of the participant. The IFA elected to pay its employees' 3% contribution. The employer rate of contributions was 5.5% during fiscal year 2007. These accumulated employee contributions and allocated interest income are maintained by PERF in a separate system wide fund for all members. Upon retirement, members may elect a lump sum distribution of all or part of the savings account. Participants who leave employment before qualifying for benefits receive a refund of the savings account.

PERF holds and invests all plan assets. Investments are in obligations of the U.S. Government, federal agencies, corporate bonds and equity securities. There is no (i) pension benefit obligation information, (ii) assets available for benefits at cost information or (iii) an analysis of funding disclosed in the annual financial statements. However, PERF performed an actuarial valuation of the IFA's plan as of June 30, 2007, which is included in the Annual Report of the Indiana Public Employees' Retirement Fund for state employees and employees of the various subdivisions of the State. The IFA's contributions to PERF were in accordance with the requirements computed in the actuarial valuation performed June 30, 2007, the last date available.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

NOTE 9 - PENSION PLAN(Continued)

Information regarding PERF may be obtained from:

Public Employees' Retirement Fund
143 W. Market Street
Indianapolis, IN 46204

NOTE 10 - SUBSEQUENT EVENT

The Indiana General Assembly Enrolled Act 524 abolished the Indiana Health and Education Facility Financing Authority and transferred its powers and duties to the Indiana Finance Authority. The assets and liabilities of the Indiana Health and Education Facility Financing Authority were recorded by the Indiana Finance Authority beginning on July 1, 2007. The Act was passed in the 2007 spring Session of the Indiana General Assembly and became effective on July 1, 2007.

SUPPLEMENTARY INFORMATION

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
SCHEDULE OF NET ASSETS BY FUND
June 30, 2007

	<u>General</u>	<u>1985A Bond Issue Fund</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 629,939	\$ -	\$ 629,939
Accrued administration fees	109,096	-	109,096
Accrued investment income	901	224,244	225,145
Investments	6,311,415	50,674,269	56,985,684
Accrued interest on loans	-	28,273	28,273
Loans receivable	-	3,703,890	3,703,890
Total current assets	<u>7,051,351</u>	<u>54,630,676</u>	<u>61,682,027</u>
Noncurrent assets:			
Investments	1,323,369	-	1,323,369
Loans receivable	-	23,935,562	23,935,562
Capital assets, net	7,678	-	7,678
Total noncurrent assets	<u>1,331,047</u>	<u>23,935,562</u>	<u>25,266,609</u>
Total assets	<u>\$ 8,382,398</u>	<u>\$ 78,566,238</u>	<u>\$ 86,948,636</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accrued interest on debt	\$ -	\$ 190,067	\$ 190,067
Total current liabilities payable	<u>-</u>	<u>190,067</u>	<u>190,067</u>
Noncurrent liabilities:			
Long-term maturities of debt	-	77,600,000	77,600,000
Total liabilities	<u>-</u>	<u>77,790,067</u>	<u>77,790,067</u>
Net assets:			
Invested in capital assets, net of related debt	7,678	-	7,678
Restricted, expendable for debt service	-	776,171	776,171
Unrestricted	8,374,720	-	8,374,720
Total net assets	<u>8,382,398</u>	<u>776,171</u>	<u>9,158,569</u>
Total liabilities and net assets	<u>\$ 8,382,398</u>	<u>\$ 78,566,238</u>	<u>\$ 86,948,636</u>

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BY FUND
Year Ended June 30, 2007

	<u>General</u>	<u>1985A Bond Issue Fund</u>	<u>Totals</u>
Operating revenues			
Interest on loans	\$ -	\$ 1,298,694	\$ 1,298,694
Investment income (loss)	(91,131)	2,741,094	2,649,963
Administration fees	952,070	-	952,070
Contractual service fees	<u>25,756</u>	<u>-</u>	<u>25,756</u>
Total operating revenues	<u>886,695</u>	<u>4,039,788</u>	<u>4,926,483</u>
Operating expenses			
Salaries, benefits and related expenses	166,769	-	166,770
Interest expense on debt	-	3,060,647	3,060,646
Bond insurance	-	465,667	465,667
Bond and investment administration	-	595,927	595,927
Legal and professional fees	71,720	-	71,720
Conferences, meetings and travel	707	-	707
Office administration and supplies	22,640	-	22,640
Rent	32,884	-	32,884
Depreciation	4,860	-	4,860
Miscellaneous expense	<u>2,651</u>	<u>-</u>	<u>2,651</u>
Total operating expenses	<u>302,231</u>	<u>4,122,241</u>	<u>4,424,472</u>
Operating income (loss)	584,464	(82,453)	502,011
Nonoperating revenues			
Investment income	<u>371,093</u>	<u>-</u>	<u>371,093</u>
Change in net assets	955,557	(82,453)	873,104
Net assets, beginning of year	<u>7,426,841</u>	<u>858,624</u>	<u>8,285,465</u>
Net assets, end of year	<u>\$ 8,382,398</u>	<u>\$ 776,171</u>	<u>\$ 9,158,569</u>

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
SCHEDULE OF CONDUIT DEBT
June 30, 2007

The following revenue bonds of the Authority were collateralized by either or both of a pledge of the revenues of the borrowing institution or by first mortgages on the physical property financed with the proceeds of the debt offerings and by the Authority's assignment of its interest in the mortgaged properties to the trustees of the bond issues at June 30, 2007:

<u>Bond/Note</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Balance 2007 (in thousands)</u>
Health Facility Programs			
Capital Access Designated Pool Programs			
Series 1998	2013	Variable	\$ 300
Series 2000	2002-2020	Variable	2,100
Ancilla Series 1990A	2018	6%	18,200
Rehabilitation Hospital of Indiana, Inc., Series 1990	2001-2020	Variable	15,800
Crossroads Rehabilitation Center, Series 1991	2007-2009	Variable	320
Community Hospitals of Indiana, Series 1992	2012	6.40%	27,665
Community Hospitals of Indiana, Series 1992	2022	5.10-6.85%	16,500
Ancilla Series 1992 C	2023	7.375	19,400
Deaconess Hospital, Inc., Series 1993	2002-2022	Variable	21,505
Community Hospital of Anderson, Series 1993	2008-2023	5.70-6.00%	19,455
Columbus Regional Hospital, Series 1993	2001-2022	2.75-7.00%	23,440
Union Hospital, Series 1993	2001-2023	3.40-5.25%	30,620
Community Hospitals Projects, Series 1995	2022	4.10-5.70%	45,323
The Methodist Hospitals, Inc., Series 1996	2016	6.00%	14,960
Hancock Memorial Hospitals, Series 1996	2001-2017	5.625-6.125%	13,170
Cardinal Center, Inc., Series 1996A	2002-2016	Variable	280
Pathfinder Services, Inc., Series 1996	2019	Variable	1,670

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
SCHEDULE OF CONDUIT DEBT
June 30, 2007

<u>Bond/Note</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Balance 2007 (in thousands)</u>
Clarian Health Partners, Inc., Series 1996A, B and C	2002-2026	4.90-6.00% and Variable	\$ 117,115
Ancilla Series 1997	2008-2022	4.75-5.25	55,935
King's Daughters Hospital, Series 1997A	2001-2027	4.2-5.625%	14,870
Community Hospitals Project, Series 1997	2027	Variable	30,000
Sisters of St. Francis Health Services, Inc., Series 1997A	2027	5.00-5.75%	17,350
Janus Development Services, Inc., Series 1997	2002-2013	Variable	545
Jackson County Schneck Memorial Hospital, Series 1998	2002-2022	4.45-5.25%	20,250
Mary Sherman Memorial Hospital, Series 1998	2002-2019	Variable	8,025
Floyd Memorial Hospital, Series 1998	2002-2022	4.50-5.40%	16,080
Holy Cross, Series 1998	2007-2028	5.25-5.375%	64,365
Greenwood Village South Project, Series 1998	2002-2028	5.25-5.625%	12,900
Daviess County Hospital Project, Series 1998	2002-2018	4.20-5.10%	4,420
Hamilton Communities Project, Series 1998	2010 and 2030	6.00-6.50%	18,900
Marquette Manor Project, Series 1998	2001-2018	3.65-5.00%	9,080
Franciscan Eldercare and Community Services, Series 1998	2002-2029	4.00-5.875%	13,160
Sullivan County Series 1998	2019	Variable	8,025
St. Francis Health Services, Series 1999A	2029	4.00-5.25%	21,785
Riverview Hospital Project, Series 1999	2007-2024	4.80-5.50%	9,460
Deaconess Hospital Obligated Group, Series 1999A	2002-2029	4.35-5.75%	22,645
Hoosier Care Project, Series 1999A	2034	7.125%	20,990
Hoosier Care Project, Series 1999B	2019	10.50%	830
Charity Obligated Group, Series 1999D	2001-2012	4.38-5.75%	24,595
Daviess Community Hospital Project, Series 1999	2002-2029	5.25-6.125%	12,085

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
SCHEDULE OF CONDUIT DEBT
June 30, 2007

<u>Bond/Note</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Balance 2007 (in thousands)</u>
Clarian Health Obligated Group Series 2000A	2002-2030	4.75-5.50%	\$ 3,755
Clarian Health 2000A	2030	5.10-5.50%	141,705
Greencroft Obligated Group, Series 2000	2030	2.29%-3.98%	11,930
Greenwood Village South Project Southern IN Rehabilitation Hospital	2031	7.40%	2,305
Ascension Health, Series 2001A	2001-2020	Adjustable	4,850
Clark Memorial Hospital, Series 2001	2036	Adjustable	200,000
Anthony Wayne Rehab Center For the Handicapped/Blind	2021	Variable	16,605
Community Foundation of Northwest Indiana, Series 2001A	2031	Variable	3,500
Community Foundation of Northwest Indiana, Series 2001B	2005-2031	5.50-6.375%	116,725
Community Hospital Project, Series 2000A and B	2025	Adjustable	23,275
Sisters of St. Francis Health Services, Inc., Series 2001	2002-2028	Variable	39,000
The Methodist Hospitals, Inc., Series 2001	2031	4.125-5.75%	15,255
University Place 2001A	2031	4.00-5.50%	65,265
University Place 2001B	2032	5.60-6.75%	10,090
Parkview Health System Obligated Group, Series A, B and C	2032	Variable	17,600
Marion General Hospital Project, Series 2005	2020-2031	Variable	201,425
Riverview Hospital Project, Series 2002	2020	Variable	24,000
Union Hospital, Series 2002	2024-2031	6.00-6.125%	20,000
Fayette Memorial Hospital Association, Inc., Series 2002A	2003-2027	Variable	13,410
Golden Years Homestead, Inc., Series 2002A	2032	Variable	11,500
Golden Years Homestead, Inc., Series 2002B	2012-2025	Variable	11,500
Henry County Memorial Hospital, Series 2002	2012	Variable	900
	2022	Variable	16,885

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
SCHEDULE OF CONDUIT DEBT
June 30, 2007

<u>Bond/Note</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Balance 2007(in thousands)</u>
Marion General Hospital Project, Series 2002	2032	4.00-5.625%	\$ 29,690
Union Hospital, Series 2002	2027	Variable	14,365
Fayette Memorial Hospital Association, Inc., Series 2002B	2022	Variable	10,525
United Church Homes	2003-2027	Adjustable	3,100
Ascension Health Credit Group, Series 2002E	2003-2032	Variable	34,125
Franciscan Communities, Inc., Series 2003A	2024	4.00-6.40%	10,320
Franciscan Communities, Inc., Series 2003B	2028	5.40%	4,335
Clarian Health Obligated Group, Series 2003A, B, C and D	2017-2033	Variable	175,325
Clarian Health Obligated Group, Series 2003E, F, and G	2033	Variable	221,975
Columbus Regional Hospital Project, Series 2003	2022	Variable	52,000
Dunn Memorial Hospital Project Series 2003	2023	Variable	7,515
Major Hospital Project, Series 2003	2025	Variable	29,565
Sisters of St. Francis Health Services, Series 2003A, B, C and D	2010-2033	Variable	152,700
Floyd Memorial Hospital and Health Services, Series 2003A	2005-2034	Variable	34,525
Floyd Memorial Hospital and Health Services, Series 2003B	2005-2034	Variable	34,525
Community Foundation of Northwest Indiana, Series 2004A	2008-2034	3.50-6.00%	60,000
Deaconess Hospital 1992	2022	Variable	16,800
Deaconess Hospital Obligated Group, Series 2004A	2034	5.00-5.375%	54,765
Deaconess Hospital Obligated Group, Series 2004B	2029	Variable	25,000
Margaret Mary Community Hospital, Series 2004A	2029	Variable	20,850
Clark Memorial Hospital Project, Series 2004A	2024	Variable	9,500
Clark Memorial Hospital Project, Series 2004B	2024	Variable	3,925
Memorial Hospital Project, Series 2004A	2005-2024	Variable	19,645

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
SCHEDULE OF CONDUIT DEBT
June 30, 2007

<u>Bond/Note</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Balance 2007 (in thousands)</u>
Community Health Network, Project Series 2005A	2035	4.50-5.00%	\$ 152,820
Community Health Network, Project Series 2005B	2035	Variable	18,700
Community Health Network, Project Series 2005 C	2035	Variable	18,800
Riverview Hospital Project, Series 2004	2022-2032	Variable	19,800
Ascension Health Subordinate, Series 2005A	2007-2011	5.0%	450,180
Porter Memorial Hospital, Series 2005A	2006-2019	Variable	25,420
Porter Memorial Hospital, Series 2005B	2006-2019	Variable	6,145
Westview Hospital Project, Series 2004	2024	Variable	11,870
Crossroads Rehabilitation Center, Inc. Project 2004	2019	Variable	2,170
Stone Belt ARC, Inc., Series 2005	2025	Variable	2,895
Howard Community Hospital 2005A	2035	Variable	29,815
Howard Community Hospital 2005B	2035	Variable	19,880
Clarian Health Obligated Group, Series 2005A, B, C and D			322,625
Jackson County Schneck Memorial Hospital, Series 2006A	2036	5.0-5.25%	15,000
Jackson County Schneck Memorial Hospital, Series 2006B	2036	Variable	19,845
Riverview Hospital Project, Series 2005	2017	3.25-4.5%	8,130
Parkview Health System Obligated Group, 2006 A	2033	Variable	123,200
Parkview Health System Obligated Group, Series 2005 B	2028	Variable	68,845
Sister of St Francis 2006 A, B, C, D, E, F		Variable	615,950
Deaconess Hospital Obligated Group 1999B	2019	Variable	13,700
Grandview Care New Castle Project 2006	2027	Variable	4,500
Harrison County Hospital 2005	2032	Variable	30,000
Sisters of St. Francis Health Services, Series 1997A	2027	5.125-5.75%	36,290

INDIANA HEALTH AND EDUCATIONAL FACILITY
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SCHEDULE OF CONDUIT DEBT
June 30, 2007

<u>Bond/Note</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Balance 2007 (in thousands)</u>
Sisters of St. Francis Health Services, Series 1997A	2027	5.125-5.75%	\$ 84,110
Sisters of St. Francis Health Services, Series 1999A	2029	5.00-5.25%	111,595
Sisters of St. Francis Health Services, Series 2001	2031	5.50-5.75%	53,875
Union Hospital 2006 A and B	2036	Variable	32,000
American Eagle LifeCare Project, Series 2005A	2036	Variable	11,115
American Eagle LifeCare Project, Series 2005B	2036	Variable	2,730
American Eagle LifeCare Project, Series 2005C	2036	Variable	3,195
Golden Years Homestead Series 2004	2024	Variable	1,170
Ascension Health Senior Credit Group, Series 2006	2039	Variable	562,920
Clarian Health 2006 A and B	2033-2040	4.75-5.25%	697,130
Community Village, Inc. - Hartsfield Village Project, Series 2006B	2036	Variable	10,385
Floyd Memorial Hospital and Health Services, Series 2006	2036	Variable	15,000
Community Hospital of LaGrange County, Series 2006A	2032	Variable	24,930
Greenwood Vilage South Project	2036	Variable	22,000
Grandview Care, Inc.	2027	Variable	4,500
Tri-City Comprehensive Community Mental Health Center, Series 2007	2022		1,180
Trinity Health Credit Group, Series 2006A	2022	Variable	10,860
Higher Education Program			
Bethel College, 2002	2007-2017	5.30%	5,646
Bethel College, 2004	2034	Variable	5,860
Butler University, 2001	2026	5.00-5.50%	37,960
Butler University, 2004	2034	3.50-5.00%	55,290
Butler University CABS 1992B	2016	0% CABS	12,610
Butler University CABS 2001	2015	0% CABS	14,760
DePauw University, 1999	2016	4.50-5.30%	14,440
DePauw University, 2006A	2036	Variable	41,925

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
SCHEDULE OF CONDUIT DEBT
June 30, 2007

<u>Bond/Note</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Balance 2007 (in thousands)</u>
DePauw University, 2006B	2036	Variable	\$ 41,925
Earlham College, 1998			6,400
Earlham College, 2004			9,000
Earlham College, 2004			6,985
Earlham College, 2007	2028	4.25-5.00%	15,255
Franklin College, 2003	2033	Variable	9,400
Hanover College, 2004			7,370
Hanover College, 2004			7,175
Hanover College, 2007			6,000
Indiana Wesleyan University, 1993	2008	Variable	1,100
Indiana Wesleyan University, 1995	2015	Variable	2,790
Indiana Wesleyan University, 1998	2028	Variable	12,700
Indiana Wesleyan University, 1999	2028	Variable	9,700
Manchester College, 2006			6,110
Marian College, 1997			5,095
Marian College, 2003			5,995
Marian College, 2006	2027	Variable	6,000
Marian College, 2007	2028	Variable	6,000
Martin University, Series 2001	2031	Variable	3,095
Rose-Hulman Inst. of Tech., 1998			10,865
Rose-Hulman Inst. of Tech., 1999			6,110
Rose-Hulman Inst. of Tech., 2003			14,800
Rose-Hulman Inst. of Tech., 2004			15,645
Saint Joseph's College, 2004	2029	Variable	15,955
Saint Mary-of-the-Woods College, 1996	2026	Variable	4,300
Saint Mary-of-the-Woods College, 2004	2024	Variable	2,800
Saint Mary's College, 1998	2009-2028	4.70-5.125%	22,875
University of Evansville, 2001			6,315
University of Evansville, 2007			43,595
University of Indianapolis, 1999			12,000
University of Indianapolis, 2001	2030	Variable	9,535
University of Indianapolis, 2004	2034	3.00-5.00%	9,250
University of Indianapolis, 2007	2019	4.00-5.00%	10,995
University of Notre Dame, 1997			22,655
Valparaiso, 1999	2023	3.15-5.15%	11,880
Valparaiso, 2003	2014	2.00-5.00	12,010

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY
SCHEDULE OF CONDUIT DEBT
June 30, 2007

<u>Maturity Bond/Note</u>	<u>Interest Dates</u>	<u>Principal Balance Rates</u>	<u>2007 (in thousands)</u>
Wabash College, 2001	2021	Variable	\$ 29,940
Wabash College, 2003	2023	Variable	<u>16,215</u>
Total conduit debt outstanding			<u>\$ 7,078,774</u>
