

Independent Accountants' Report

Board of Directors
Tomball Hospital Authority d/b/a
Tomball Regional Health Foundation
Tomball, Texas

We have audited the accompanying balance sheet of Tomball Hospital Authority d/b/a Tomball Regional Health Foundation (the Authority) as of and for the year ended June 30, 2012, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. 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 of America. 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 Tomball Hospital Authority d/b/a Tomball Regional Health Foundation as of June 30, 2012, 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 of America.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

BKD, LLP

January 31, 2013

**Tomball Hospital Authority d/b/a
Tomball Regional Health Foundation**

Balance Sheet

June 30, 2012

Assets

Current Assets

Cash and cash equivalents	\$ 86,183,011
Restricted cash equivalents, current	72,913
Estimated amounts due from third-party payers	915,499
Prepaid expenses and other	<u>2,913,076</u>

Total current assets	<u>90,084,499</u>
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Noncurrent Cash and Investments

Long-term investments	3,192,605
Held by trustee under self-insurance trust	<u>142,069</u>

	3,334,674
Less amount required to meet current obligations	<u>72,913</u>

3,261,761

Capital Assets

562,810

Total assets	<u><u>\$ 93,909,070</u></u>
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See Notes to Financial Statements

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 27,088
Accrued expenses	2,083,566
Estimated self-insurance costs	<u>72,913</u>
Total current liabilities	2,183,567

Estimated Self-insurance Costs

Total liabilities	<u>500,910</u>
	<u>2,684,477</u>

Net Assets

Invested in capital assets	562,810
Unrestricted	<u>90,661,783</u>
Total net assets	<u>91,224,593</u>
Total liabilities and net assets	<u><u>\$ 93,909,070</u></u>