

Tomball Hospital Authority d/b/a
Tomball Regional Health Foundation
Management Discussion and Analysis
FY 2020

Introduction

This Annual Report of Tomball Hospital Authority d/b/a Tomball Regional Health Foundation provides an overview of the Authority's Financial and Project activities for the year ending June 30, 2020. During the fiscal year ending June 30, 2012, the Authority ceased operating a hospital or providing direct healthcare to residents within our community. The Authority's sole source of revenue is investment income from the Authority's investment portfolio resulting from the sale of the previously operated hospital. Its Mission Statement is "To promote wellness and improve health status for all residents in our communities through programs that enhance access to healthcare, preventative care and health education." We desire to create a partnership with our community and local organizations that serve healthcare and healthcare related educational needs. That desire is accomplished by funding various projects within our community that fit our mission and values.

Tomball Hospital Authority is a separate and distinct Governmental entity, a political subdivision of the State of Texas, organized under Chapter 262 of the Texas Health and Safety Code. The Authority is not a 501c3. Although not a "charity", the Authority strives to meet the same standards as set forth by the BBB Wise Giving Alliance and their accreditation standards. Of their 20 published standards, 5 of those standards address fundraising which the Authority does not do. Of the remaining 15 accreditation standards, we are in compliance with all 15 of those standards with at least 65% of our total expense being spent on projects. In FY2019, project expense was 74.3% of our total expenses. In FY2020, project expense was 62.1% of our total expenses primarily due to the negative impact of COVID 19 on our funding agreements as well as a onetime loss on discontinued operations related to FEMA. This was offset by positive performance of our portfolio as outlined further in this report. These Accreditation Standards can be found at <http://www.give.org/for-charities/How-We-Accredit-Charities/>

As stated above, revenue for the Authority is solely dependent upon investment performance. Expenses are in two distinct areas, Operational Expense and Project Expense.

Financial Highlights

Total current assets increased in FY2020 by \$4,254,797.58 or 4.2%. The overall increase in cash and investments was primarily the result of the performance of our investment portfolio which saw some volatility in March – April, 2020 due to COVID 19. We did experience a market recovery in May-June, 2020 which allowed us to maintain a positive trend line.

In August of 2015, the Board approved an annual spend rate of 4% based on the rolling average of 12 quarters of quarterly market value of the investment portfolio value determined to be at that time \$82,850,824 or \$3,314,033. The Board authorized quarterly withdrawals from the investment portfolio in the amount of \$828,508 to support operations and projects. The Spending Policy was re-evaluated in July of 2020 and the rolling average of the previous 12 quarters was determined to be \$99,053,584.10

yielding a 4% spend rate of \$3,962,143.36 and a quarterly withdrawal of up to \$990,535.84 to support projects and operations.

Investment Portfolio Performance

Investment performance for FY 2020 was volatile but favorable to the portfolio due to market conditions and appropriate investment categories that exceeded expectations as noted in the difference in the graphs below for FY2019 and FY 2020

Portfolio Value for FY 2020 by Month

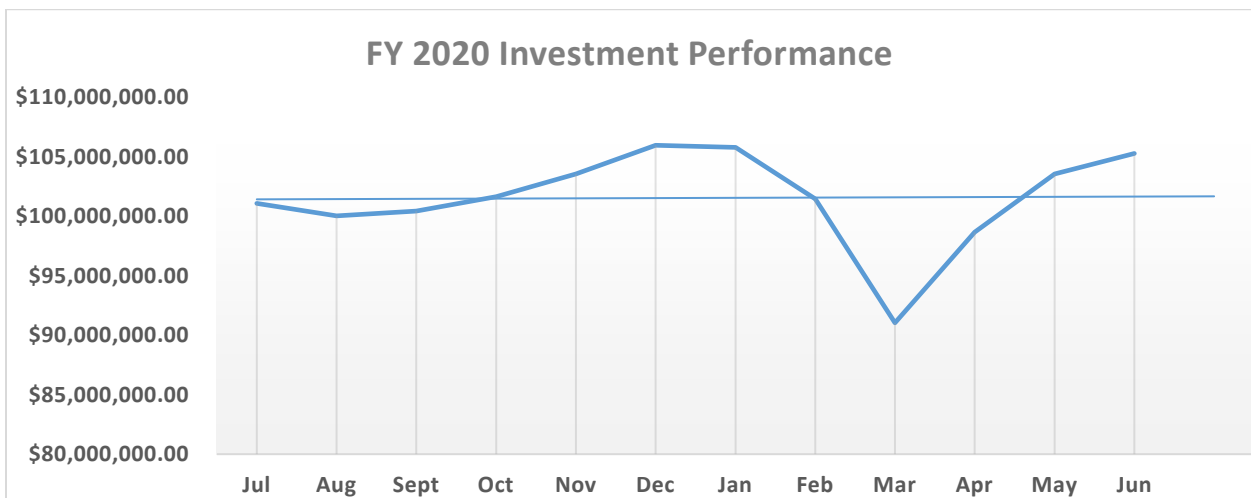
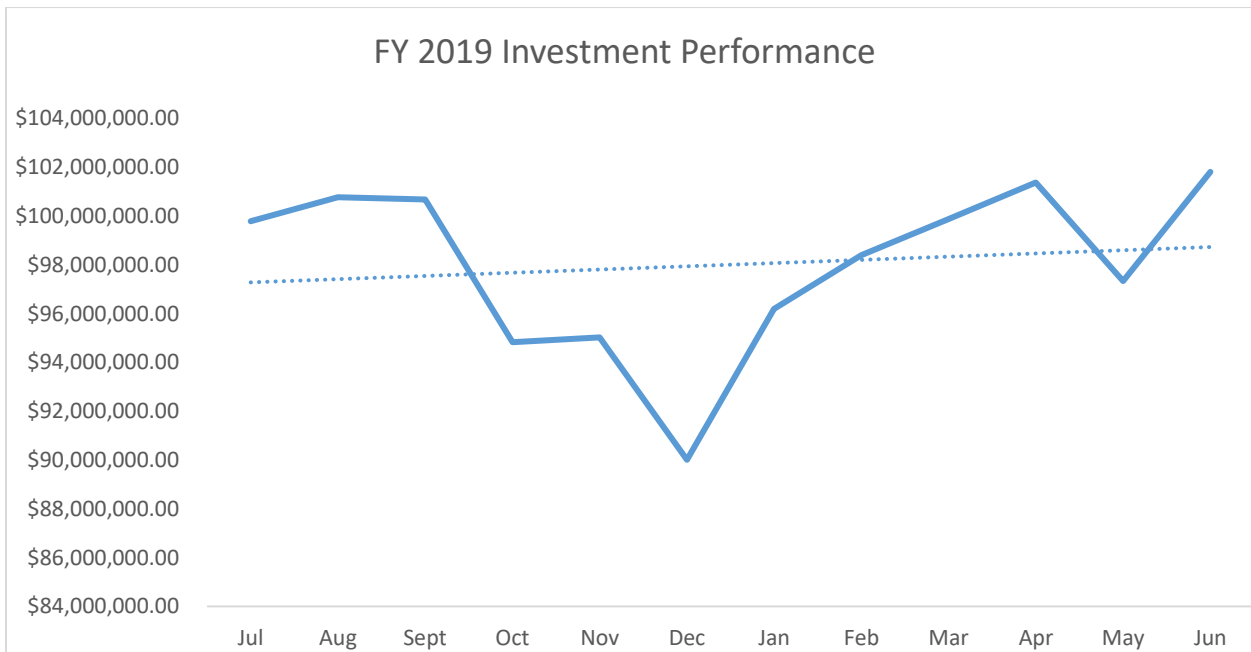
	Jul		\$ 101,067,695.90
	Aug		\$ 100,025,474.16
	Sept		\$ 100,421,632.35
	Oct		\$ 101,650,247.55
	Nov		\$ 103,546,667.29
	Dec		\$ 105,962,223.12
2020	Jan		\$ 105,779,060.38
	Feb		\$ 101,457,151.30
	Mar		\$ 91,039,369.56
	Apr		\$ 98,650,134.01
	May		\$ 103,555,736.88
	Jun		\$ 105,265,554.83

Since 2015, withdrawals from the investment portfolio to support projects and operations through FY2020 are as follows:

Withdrawals From Investments			
	October, 2015		\$ 828,508.00
	May, 2016		\$ 828,508.00
	November, 2016		\$ 828,508.00
	February, 2017		\$ 828,508.00
	May, 2017		\$ 866,427.00
	December, 2017		\$ 866,427.00
	April, 2018		\$ 906,596.00
	July, 2018		\$ 915,233.60
	November, 2018		\$ 929,179.00
	April, 2019		\$ 933,354.00
	July, 2019		\$ 933,354.00
	Oct, 2019		\$ 958,048.09
	Jan, 2020		\$ 958,048.09
	June, 2020		\$ 980,628.41
	Total Withdrawals		\$ 12,561,327.19

Actual Portfolio Value after withdrawals to fund Projects and Operations

Change in Portfolio Value since FYE:	\$	4,197,858.93
July, 2019	\$	933,354.00
Oct, 2019	\$	958,048.09
Jan, 2020	\$	958,048.09
June, 2020	\$	980,628.41
Actual Portfolio Gain since FYE:	\$	8,027,937.52



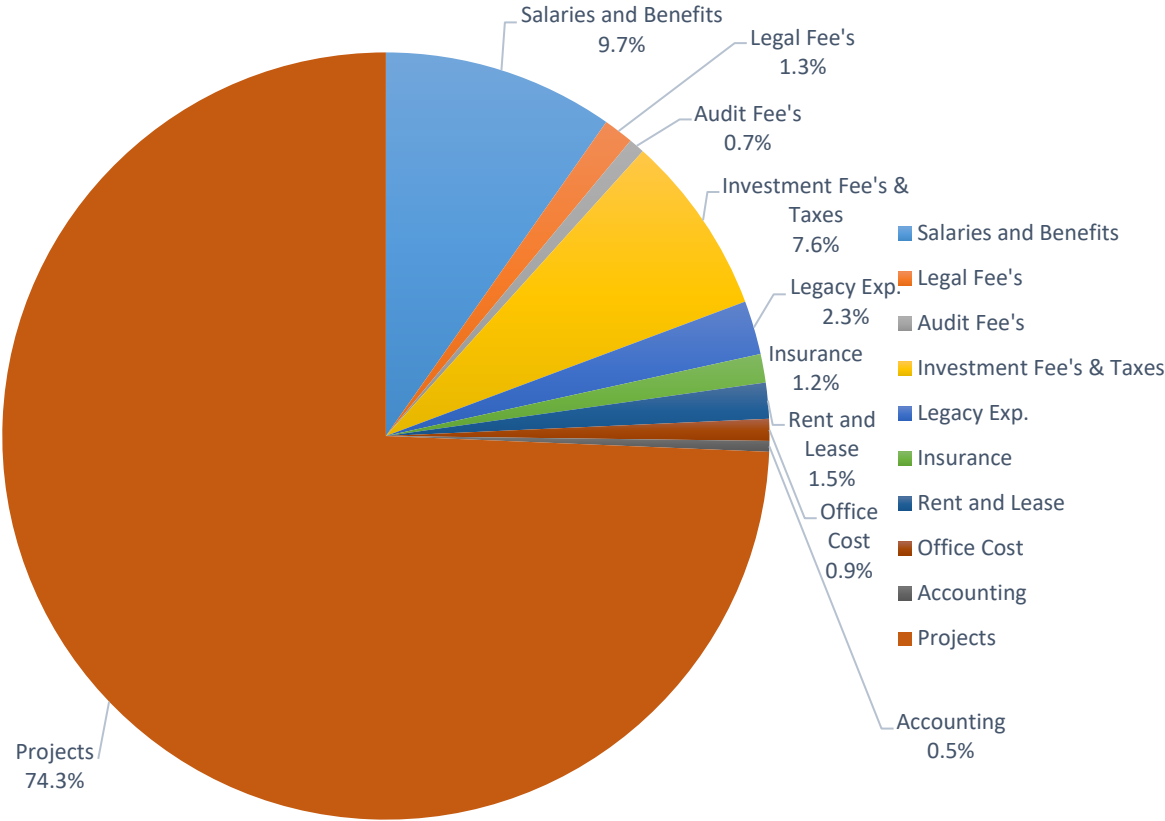
Total Assets increased by \$4,254,797.58 or 4.2%.

	Total Assets By Year	
FY 2012		\$93,909,070.00
FY 2013		\$85,162,760.00
FY 2014		\$90,917,389.00
FY 2015		\$89,668,870.00
FY 2016		\$87,614,251.00
FY 2017		\$94,386,406.00
FY 2018		\$99,433,223.00
FY 2019		\$102,122,064.00
FY 2020		\$106,376,861.58

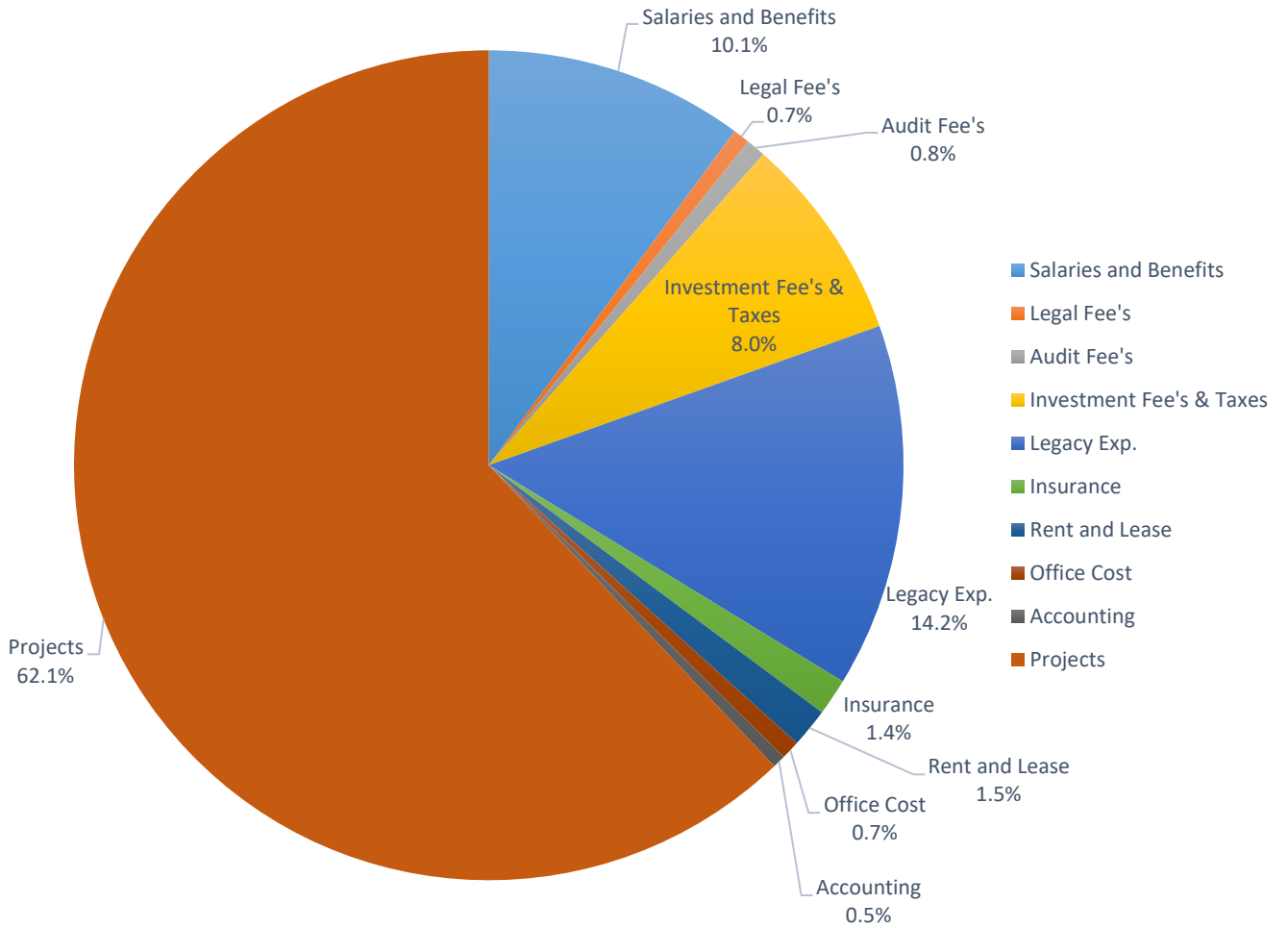
Operational Expenses decreased by \$19,973.34 or 3.6%

	Operational Expense	
FY 2012		\$ 4,091,987.00
FY 2013		\$ 2,486,305.00
FY 2014		\$ 930,014.00
FY 2015		\$ 625,080.00
FY 2016		\$ 612,328.00
FY 2017		\$ 565,558.47
FY 2018		\$ 555,969.18
FY 2019		\$ 561,489.20
FY 2020 Preliminary		\$ 541,515.86

Total Expense Overview FY 2019



Total Expense Overview FY 2020



Legacy Expense:

Legacy Expense is defined as ongoing expense obligations related to discontinued operations during the timeframe when the Authority owned and operated Tomball Regional Medical Center. The Authority was self-insured for Workman’s Compensation claims and there are still open claims related to workman’s compensation that the Authority is still obligated for. The Authority had also filed a claim with FEMA regarding damage from Hurricane Ike in 2008. A grant was issued by FEMA in 2009. Repairs to the Diagnostic Building were not fully completed prior to the sale of the hospital in 2011 resulting in a FEMA overpayment of \$358,015.65 of funds that were not used. The funds were returned to FEMA this Fiscal Year and appear as a loss on discontinued operations.

Legacy Expense (Work Comp/FEMA)		
\$	71,533.06	Work Comp
\$	358,015.65	FEMA
\$	429,548.71	Total

Community Health Needs Assessment

In April of 2017, the Foundation conducted a Community Health Needs Assessment to better identify ongoing needs within the community in conjunction with a National Research Partner, Baker Tilly.

Identified Priority Health Needs

Leadership from TRHF reviewed findings from the 2017 CHNA research to determine health priorities on which to focus community health improvement activities. CHNA research included public health indicators, socioeconomic measures, and input from health consumers and key community stakeholders. The CHNA research revealed a number of social and health issues contributing to health disparity and poorer health outcomes across the region.

Access to Health Care,

- Affordability of health care costs,
- Medical home for uninsured and underinsured
- Unmet need for behavioral health care
- Transportation for health needs

Reducing Risk Factors for Chronic Disease

- Health literacy and education
- Wellness programs aimed at reducing risk factors for disease and managing chronic conditions
- Proactive prescription management

Community Collaboration

- Increase networking among community based organizations
- Leverage existing resources
- Promote cross-program referrals

TRHF leadership determined that improving access to health care was central to the success of future health improvement initiatives. Specifically, the CHNA highlighted specific issues related to access to care that contribute to health disparities across the region.

The entire 2017 Community Health Needs Assessment, including methodology and recommendations can be found here:

http://www.trhfoundation.org/images/pdfs/TRHF_2017_CHNA_Data_Report_2017-04-28.pdf

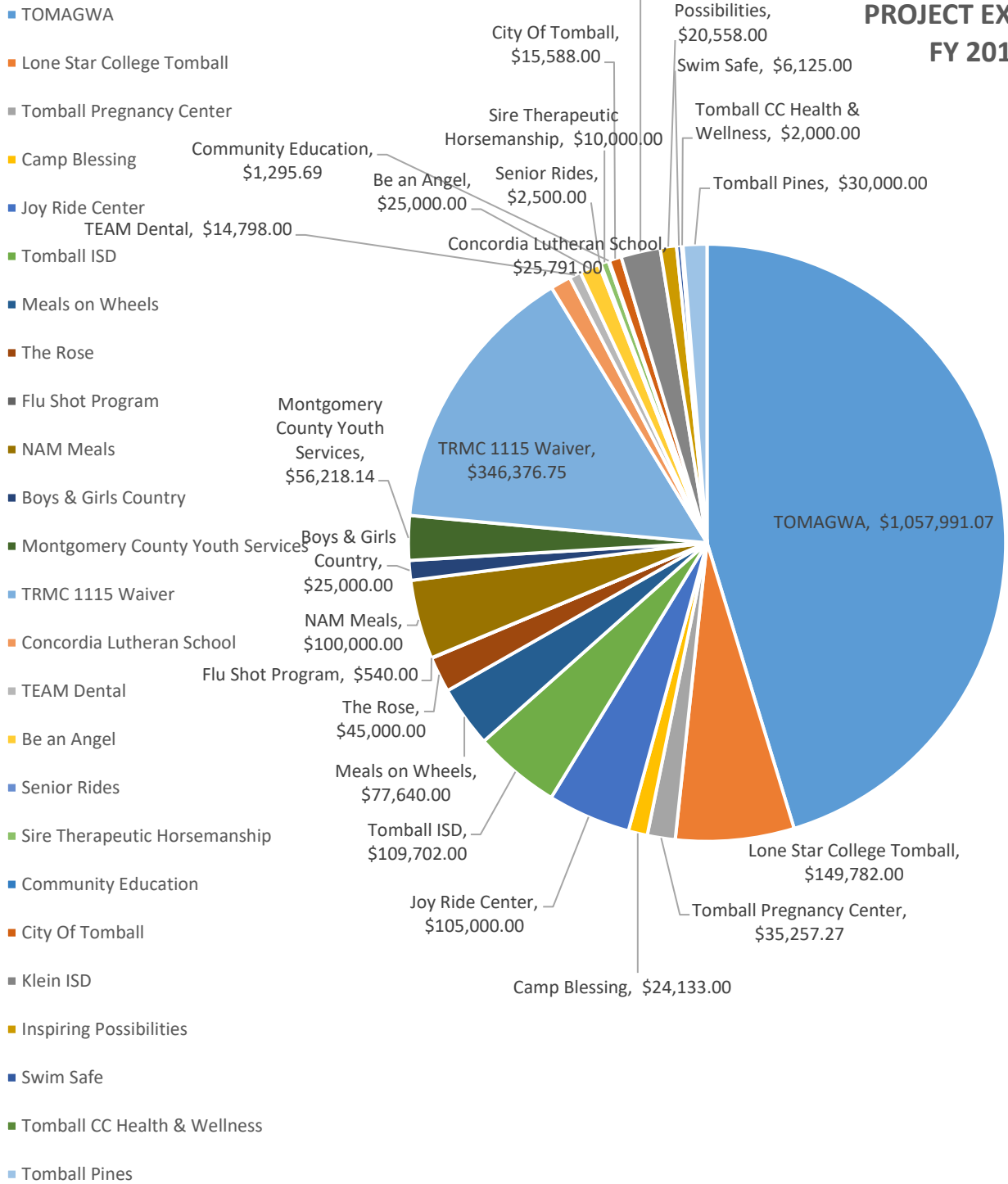
Tomball Regional Health Foundation is committed to the community and to being a community partner within Harris, Montgomery, and Waller Counties. TRHF will continue to be guided by our mission to promote wellness and improve health status for all residents in our communities through programs that enhance access to health care, preventative care and health education.

Project Expense

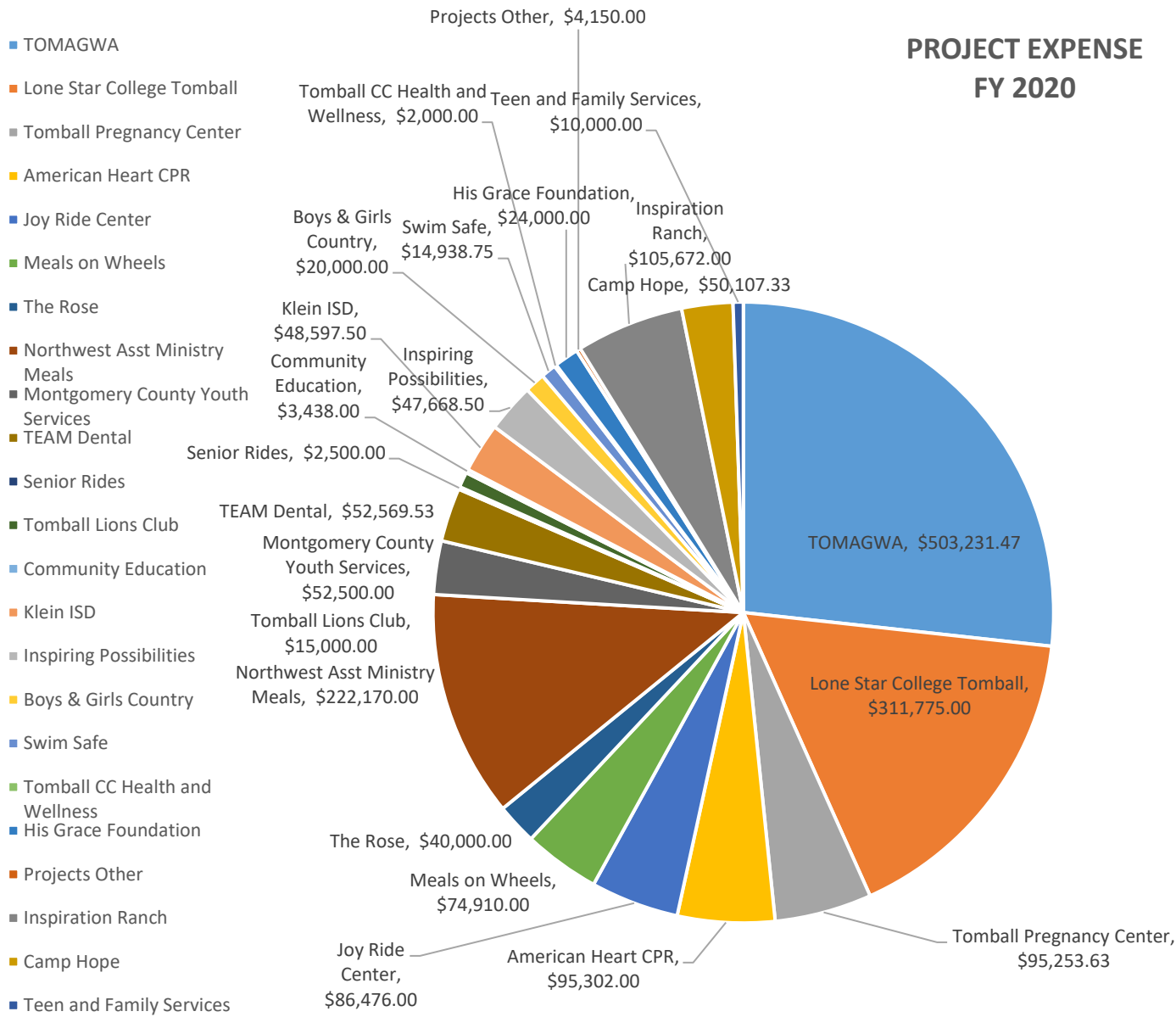
Since 2012, the Authority has funded and budgeted over \$18,375,204.07 in Project Expense in our community.

			FY2020 Project Expense
TOMAGWA		\$ 503,231.47	
Lone Star College Tomball		\$ 311,775.00	
Tomball Pregnancy Center		\$ 95,253.63	
American Heart CPR		\$ 95,302.00	
Joy Ride Center		\$ 86,476.00	
Meals on Wheels		\$ 74,910.00	
The Rose		\$ 40,000.00	
Northwest Asst Ministry Meals		\$ 222,170.00	
Montgomery County Youth Services		\$ 52,500.00	
TEAM Dental		\$ 52,569.53	
Senior Rides		\$ 2,500.00	
Tomball Lions Club		\$ 15,000.00	
Community Education		\$ 3,438.00	
Klein ISD		\$ 48,597.50	
Inspiring Possibilities		\$ 47,668.50	
Boys & Girls Country		\$ 20,000.00	
Swim Safe		\$ 14,938.75	
Tomball CC Health and Wellness		\$ 2,000.00	
His Grace Foundation		\$ 24,000.00	
Projects Other		\$ 4,150.00	
Inspiration Ranch		\$ 105,672.00	
Camp Hope		\$ 50,107.33	
Teen and Family Services		\$ 10,000.00	
	Total	\$ 1,882,259.71	

PROJECT EXPENSE FY 2019



PROJECT EXPENSE FY 2020



Impact of COVID 19 on Funding and the Community

In February of 2020, a previously unknown virus originating out of China (COVID 19) rapidly became a world-wide pandemic. A “state of emergency” was declared world-wide, businesses were ordered closed and employees ordered to quarantine at home. Gatherings were limited to less than 10 people. Schools were closed for the remainder of the year. “Social distancing”, the wearing of Personal Protective Equipment, and frequent use of hand sanitizer was encouraged and eventually mandated in all public areas.

Impact on the Foundation’s current funding agreements:

A majority of our funding agreements are based on a “fee for service” basis in that we pay a set fee for each service rendered. When the quarantine lock down orders were issued, many of our funded agencies were forced to suspend operations until the Emergency orders are lifted. Unfortunately, this also impacted funding to those agencies who were forced to suspend operations due to the Pandemic. No service rendered, no payment.

There do not appear to be any quick solutions to this Pandemic, short of a vaccine. The current limited ability of our funded agencies to provide a safe and effective service in compliance with the State Mandated COVID requirements will continue to be a challenge in the next fiscal year.

We continue to work with our Funded Organizations to look for new and innovative ways to continue to provide services within the parameters of the Foundation’s Mission and the mandated COVID 19 restrictions as imposed by the State.

Contacting the Authority

This report is designed to provide our community with a general overview of the Authority's finances and activities. Questions about this report and request for additional financial information should be directed to the Chief Executive Officer by telephoning 832.559.5513

Tomball Regional Health Foundation continues to be a leader in our community, making a difference in people’s lives every day.