

**REVISED
QUARTERLY COMPLIANCE REPORT
Covenant Health Obligated Group**

Three Months Ended March 31, 2023

Name, Address and Telephone Number of Obligated Person:

Covenant Health Obligated Group
c/o Covenant Health, Inc.
100 Ames Pond Drive, Suite 102
Tewksbury, MA 01876
978-312-4305
Contact person: Stephen W. Forney, Senior Vice-President/Chief Financial Officer

Bonds and Notes to Which Report Relates:

\$33,460,000 Original issued amount
Maine Health And Higher Educational Facilities Authority
Revenue Bonds, Covenant Health
Obligated Group Issue, Series 2023

<u>MATURITY</u>	<u>CUSIP NO.</u>
07/01/2037	56042R8P0

\$56,060,000 Original issued amount
New Hampshire Health And Education Facilities Authority
Revenue Bonds, Covenant Health Obligated Group Issue,
Series 2023

<u>MATURITY</u>	<u>CUSIP NO.</u>
07/01/2037	64461XGW9

\$125,000,000 Original Issued amount
Covenant Health Obligated Group, Series 2021-1

<u>MATURITY</u>	<u>CUSIP NO.</u>
07/01/2041	22285@AA6

\$8,000,000 Original issued amount
Covenant Health Obligated Group, Series 2021-1

<u>MATURITY</u>	<u>CUSIP NO.</u>
07/01/2051	22285FAA4

Period to Which Report Relates: Three Months ended March 31, 2023

This Quarterly Compliance Report (this "Report") is provided on behalf of the Covenant Health, Inc. and its Subsidiaries ("Covenant").

THIS REPORT IS INTENDED SOLELY TO PROVIDE CERTAIN LIMITED FINANCIAL DATA IN ACCORDANCE WITH UNDERTAKINGS OF COVENANT AND DOES NOT CONSTITUTE A REISSUANCE OF ANY OFFERING DOCUMENT OR OFFICIAL STATEMENT RELATING TO ANY OUTSTANDING NOTES OR BONDS OR A SUPPLEMENT OR AMENDMENT TO ANY SUCH OFFERING DOCUMENT OR OFFICIAL STATEMENT.

THIS REPORT CONTAINS CERTAIN FINANCIAL DATA AS OF MARCH 31, 2023. COVENANT HAS UNDERTAKEN NO RESPONSIBILITY TO UPDATE ANY ELEMENTS OF THAT DATA SINCE THAT DATE OR TO UPDATE THIS REPORT AND DISCLAIM ANY OBLIGATION TO UPDATE THIS REPORT OR TO FILE ANY REPORTS OR OTHER INFORMATION WITH ANY OTHER PERSON EXCEPT AS SPECIFICALLY REQUIRED BY THE UNDERTAKING.

This Report may contain certain "forward-looking statements" which involve known and unknown risks and uncertainties inherent in the operation of healthcare facilities. All statements other than statements of historical information provided herein may be forward-looking statements. Without limiting the foregoing, the words "believes," "estimates," "anticipates," "plans," "intends," "scheduled," "expects" and similar expressions are intended to identify forward-looking statements. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include, but are not limited to, competition from other healthcare facilities, federal and state regulation of healthcare providers, and reimbursement policies of state and federal governments and managed care organizations. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as of the date hereof. Covenant undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

SUMMARY FINANCIAL INFORMATION

Consolidated Unaudited Financial Statements and Select Consolidated Financial Information

Attached hereto are the unaudited Consolidated Balance Sheet as of March 31, 2023 and 2022 for Covenant as **Exhibit A**, the unaudited Consolidated Statement of Operations and Changes in Net Assets for the three month periods ended March 31, 2023 and 2022 for Covenant as **Exhibit B** and unaudited consolidated select financial metrics for the three-month periods ended March 31, 2023 and 2022 for Covenant as **Exhibit C**. The financial statements were derived by management from unaudited internal financial statements. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which Covenant considers necessary for a fair presentation of the results of operations for these periods in all material respects. The financial statements should be read in conjunction with the notes to the Audited Consolidated Financial Statements of the Consolidated Group for the year ended December 31, 2022, which are posted with the Annual Compliance Report for the year ended December 31, 2022.

Date: 05/26/2023

COVENANT HEALTH, INC.

By:  _____

Stephen W. Forney, Senior Vice-President/Chief Financial Officer

Exhibit A**Covenant Health, Inc. and Subsidiaries - Consolidated
Consolidated Balance Sheet
as of March 31, 2023 and 2022**

	3/31/2023	3/31/2022
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 36,636	\$ 45,444
Accounts Receivable, net	102,105	92,884
Short-term investments	5,703	7,053
Inventories	10,645	11,000
Prepaid expenses and other assets	34,612	29,924
Amounts receivable from third party payors	556	5,721
Current portion asset whose use is limited or restricted	<u>1,452</u>	<u>2,307</u>
Total Current Assets	<u>191,709</u>	<u>194,333</u>
Assets Whose Use is Limited or Restricted:		
Funds held by trustees, less current portion	1,855	3,338
Deferred compensation	12,029	13,410
Board designated & long term investments	277,284	370,417
Replacement reserve	9,463	8,674
Donor Restricted & other resident funds	<u>59,143</u>	<u>62,092</u>
Total Assets Whose Use is Limited or Restricted	<u>359,774</u>	<u>457,931</u>
Other Assets:		
Notes receivable and other assets	1,899	739
Investments in joint ventures	<u>6,568</u>	<u>6,429</u>
Total Other Assets	8,467	7,168
Property, Plant & Equipment:		
Land and improvements	20,105	20,160
Buildings and improvements	442,494	430,788
Equipment	263,286	252,687
Construction in progress	8,978	15,127
Accumulated Depreciation	(425,645)	(401,222)
Right of Use Assets	10,113	9,878
Accum. Amort. - ROU Assets	<u>(4,743)</u>	<u>(3,597)</u>
Total Property, Plant & Equipment	<u>314,588</u>	<u>323,821</u>
Total Assets	<u>\$874,538</u>	<u>\$ 983,253</u>

Exhibit A (Cont'd)**Covenant Health, Inc. and Subsidiaries - Consolidated
Consolidated Balance Sheet
as of March 31, 2023 and 2022**

	3/31/2023	3/31/2022
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 49,170	\$ 28,869
Accrued expenses	73,310	77,629
Due to third party payors	(2,553)	9,484
Other current liabilities	18,251	41,232
Current portion of long-term debt	2,340	815
Current portion of capital lease obligations	<u>3,537</u>	<u>2,581</u>
Total Current Liabilities	<u>144,055</u>	<u>160,610</u>
Long-term debt, less current portion	222,008	234,466
Capital lease obligation - LT portion	6,513	7,123
Other liabilities and residents funds	29,260	25,942
Defined benefit pension obligation	1,476	3,696
Professional liability loss reserves	27,849	<u>35,043</u>
Total Long-Term Liabilities	<u>287,106</u>	<u>306,270</u>
Net Assets:		
Without Donor Restrictions	379,773	449,873
With Donor Restrictions	<u>63,604</u>	<u>66,500</u>
Total Net Assets	<u>443,377</u>	<u>516,373</u>
Total Liabilities and Net Assets	<u>\$874,538</u>	<u>\$ 983,253</u>

Exhibit B

Covenant Health, Inc. and Subsidiaries - Consolidated
Statement of Changes in Net Assets
for the year-to-date periods ended March 31, 2023 and 2022
(\$ in 000s)

	3/31/2023	3/31/2022
Operating Revenue:		
Net patient service revenue	\$ 199,459	\$ 184,210
Other operating revenue	9,295	10,084
Net assets released from restrictions	<u>675</u>	<u>1,632</u>
Total Operating Revenue	<u>209,429</u>	<u>195,926</u>
Operating Expenses:		
Salaries and Wages	90,881	93,122
Employee Benefits	20,520	18,549
Contract Labor (clinical and non-clinical)	17,065	
Locum Physicians	<u>1,719</u>	
Total Labor	130,185	<u>111,671</u>
Purchased Services	31,726	
Supplies (incl. Food)	26,380	23,971
Other Expenses	14,383	68,573
Interest	2,431	2,413
Depreciation and Amortization	7,123	6,757
Provider Tax	<u>6,058</u>	<u>5,727</u>
Total Operating Expenses	<u>218,286</u>	<u>219,112</u>
Income (Loss) from Operations	<u>(8,857)</u>	<u>(23,186)</u>
Non-Operating Income (Expense):		
Dividend & Interest Income	952	711
Realized Gain (Loss) from Investments	(1,264)	2,046
Unrealized Gain (Loss) from Investments	16,717	(28,722)
Gain (Loss) on Sale of Assets	22	27
Other Non-Operating Income	361	326
Other Non-Operating Expense	(486)	(428)
Net Periodic Pension Cost, Net of Service Cost	(789)	(780)
Gain on Early Extinguishment of Debt	<u>11,483</u>	<u>-</u>
Non-Operating Income (Expense)	<u>26,996</u>	<u>(26,820)</u>
Excess of Revenue Over Expenses	18,139	(50,006)
Change in FV of Beneficial Int. in Perpetual Trusts	-	-
Net Assets Released from Restrictions - Non-Operating	139	269
Adjustments to Defined Benefit Pension Obligation	364	(2,293)
Transfer among affiliates	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets w/o Donor Restr.	<u><u>\$ 18,642</u></u>	<u><u>\$ (52,030)</u></u>

Coventant Health, Inc. and its Subsidiaries

Select Consolidated Financial Metrics

	Consolidated FYE	
	3/31/2023	3/31/2022
Excess of Revenue Over Expenses	\$ 18,139	\$ (50,006)
Unrealized Investment Losses (Gains)	(16,717)	28,722
Interest Expense	2,431	2,413
Depreciation Expense	7,123	6,757
Income Available for Debt Service	<u>\$ 10,976</u>	<u>\$ (12,114)</u>
Income Available for Debt Service - Annualized	<u>\$ 43,904</u>	<u>\$ (48,456)</u>
Debt Service:		
Current Portion of LTD as of 12/31/22 and 21	\$ 6,020	\$ 3,664
Annualized Interest Payments	9,724	9,652
Total Debt Service - Annual	<u>\$ 15,744</u>	<u>\$ 13,316</u>
Debt Service Coverage	<u>2.8</u>	<u>(3.6)</u>
Cash and Short-Term Investments	\$ 42,339	\$ 52,497
Board-Designated Investments	277,284	370,417
Total Unrestricted Cash and Investments	<u>\$ 319,623</u>	<u>\$ 422,914</u>
Cash Expenses	<u>\$ 211,163</u>	<u>\$ 212,355</u>
Days in Period	90	90
Daily Cash Expenses	<u>\$ 2,346</u>	<u>\$ 2,360</u>
Days Cash on Hand - Unrestricted	<u>136</u>	<u>179</u>
Long-Term Debt	\$ 228,521	\$ 241,589
Net Assets w/o Donor Restr	379,773	449,873
LTD to Capital	<u>38%</u>	<u>35%</u>
Net Assets w/o Donor Restr	\$ 379,773	\$ 449,873
Net Assets w/ Donor Restr	63,604	66,500
Total Net Assets	<u>\$ 443,377</u>	<u>\$ 516,373</u>
Cash and Short-Term Investments	42,339	52,497
Board-Designated Investments	277,284	370,417
Restricted Investments	82,490	87,514
Total Cash and Investments	<u>\$ 402,113</u>	<u>\$ 510,428</u>
Cash Expenses	<u>211,163</u>	<u>212,355</u>
Days in Period	90	90
Daily Cash Expenses	<u>\$ 2,346</u>	<u>\$ 2,360</u>
Days Cash on Hand - Unrestricted & Unrestricted	<u>171</u>	<u>216</u>