

**ANNUAL COMPLIANCE REPORT  
Covenant Health Obligated Group**

**Annual Compliance Report for the Fiscal Year  
Ended December 31, 2023**

**Name, Address and Telephone Number of Obligated Person:**

Covenant Health Obligated Group  
c/o Covenant Health, Inc.  
40 Shattuck Road, Ste. 317  
Andover, MA 01810  
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: Fiscal Year ended December 31, 2023**

This Annual 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 DECEMBER 31, 2022. 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.

**FINANCIAL METRICS**


Select consolidated financial metrics for Covenant for the fiscal years ended December 31, 2023 and 2022 is attached as **Exhibit A**.

**AUDITED FINANCIAL STATEMENTS**

The Audited Consolidated Financial Statements for Covenant are attached as **Exhibit B**.

Date: May 20, 2024

COVENANT HEALTH, INC.

By:  \_\_\_\_\_

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

Covenant Health, Inc. and Subsidiaries

Select Consolidated Financial Metrics

	Consolidated FYE	
	12/31/2023	12/31/2022
Excess of Revenue Over Expenses	\$ 3,348	\$ (141,695)
Less: Unrealized Investment Losses (Gains)	(38,950)	61,931
Add: Realized FY23 Investment Losses (Gains)	8,313	-
Add: Three year average Realized Investment Gains (Losses)	18,234	-
Less: Gain on Early Extinguishment of Debt	(12,245)	-
Add: Pension terminations, settlements or curtailments	10,180	1,030
Interest Expense	9,503	9,656
Depreciation Expense	27,658	27,095
Income Available for Debt Service	<u>\$ 26,041</u>	<u>\$ (41,983)</u>
Income Available for Debt Service - Annualized	<u>\$ 26,041</u>	<u>\$ (41,983)</u>
Debt Service:		
Current Portion of LTD as of 12/31/22 and 21	\$ 4,219	\$ 3,664
Annualized Interest Payments	<u>9,503</u>	<u>9,656</u>
Total Debt Service - Annual	<u>\$ 13,722</u>	<u>\$ 13,320</u>
Debt Service Coverage	<u>1.9</u>	<u>(3.2)</u>
Cash and Short-Term Investments	\$ 73,900	\$ 55,549
Board-Designated Investments	251,991	259,309
Restricted Investments	<u>71,358</u>	<u>64,967</u>
Total Cash and investments	<u>\$ 397,249</u>	<u>\$ 379,825</u>
Cash Expenses	<u>\$ 871,573</u>	<u>\$ 849,793</u>
Days in Period	365	365
Daily Cash Expenses	<u>\$ 2,388</u>	<u>\$ 2,328</u>
Days Cash on Hand - Unrestricted	<u>136</u>	<u>135</u>
Days Cash on Hand - Unrestricted & Unrestricted	<u>166</u>	<u>163</u>
Long-Term Debt	<u>\$ 225,927</u>	<u>\$ 238,683</u>
Net Assets w/o Donor Restrictions	376,574	361,131
Net Assets w/ Donor Restrictions	<u>63,528</u>	<u>61,471</u>
Total Net Assets	<u>\$ 440,102</u>	<u>\$ 422,602</u>
LTD to Net Assets w/o Restrictions	<u>37%</u>	<u>40%</u>

**Exhibit B**