

**CONTINUING DISCLOSURE QUARTERLY REPORT
Covenant Health Obligated Group**

Quarter Ended June 30, 2020

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 to Which Report Relates:

\$12,940,000 Original Issued amount
Massachusetts Health and Educational Facility Authority
Healthcare System Revenue Bonds,
Covenant Health Systems Obligated Group Issue, Series 2007A

<u>MATURITY</u>	<u>CUSIP NO.</u>
07/01/2022	57586DAQ6
07/01/2026	57586DAU7
07/01/2030	57586DAY9
07/01/2037	57586DBF9

\$11,890,000 Original issued amount
Massachusetts Health and Educational Facility Authority
Healthcare System Revenue Bonds,
Covenant Health Systems Obligated Group Issue, Series 2007B

<u>MATURITY</u>	<u>CUSIP NO.</u>
07/01/2020	57586DBU6
07/01/2021	57586DBV4
07/01/2022	57586DBW2
07/01/2025	57586DBX0
07/01/2028	57586DBY8
07/01/2031	57586DBZ5

\$17,030,000 Original issued amount
New Hampshire Health and Education Facility Authority
Healthcare System Revenue Bonds,
Covenant Health Systems Obligated Group Issue, Series 2007A

<u>MATURITY</u>	<u>CUSIP NO.</u>
07/01/2020	644614TP4
07/01/2024	644614TT6
07/01/2027	644614TW9
07/01/2031	644614UA5
07/01/2037	644614UG2

\$36,650,000 Original issued amount
 New Hampshire Health and Education Facility Authority
 Healthcare System Revenue Bonds,
 Covenant Health Systems Obligated Group Issue, Series 2007B

<u>MATURITY</u>	<u>CUSIP NO.</u>
07/01/2020	644614UV9
07/01/2021	644614UW7
07/01/2022	644614UX5
07/01/2023	644614UY3
07/01/2024	644614UZ0
07/01/2025	644614VA4
07/01/2028	644614VB2
07/01/2031	644614VC0

\$12,365,000 Original issued amount
 Massachusetts Health and Educational Facility Authority
 Healthcare System Revenue Bonds,
 Covenant Health Systems Obligated Group Issue, Series 2012

<u>MATURITY</u>	<u>CUSIP NO.</u>
7/1/2020	57584QAH9
7/1/2021	57584QAJ5
7/1/2022	57584QAK2
7/1/2023	57584QAL0
7/1/2024	57584QAM8
7/1/2025	57584QAN6
7/1/2026	57584QAP1
7/1/2027	57584QAQ9
7/1/2031	57584QAR7
7/1/2042	57584QAS5

\$27,000,000 Original issued amount
 New Hampshire Health and Education Facility Authority
 Healthcare System Revenue Bonds,
 Covenant Health Systems Obligated Group Issue, Series 2012

<u>MATURITY</u>	<u>CUSIP NO.</u>
7/1/2020	64461PAH5
7/1/2021	64461PAJ1
7/1/2022	64461PAK8
7/1/2023	64461PAL6
7/1/2024	64461PAM4
7/1/2025	64461PAN2
7/1/2026	64461PAP7
7/1/2027	64461PAQ5
7/1/2032	64461PAR3
7/1/2042	64461PAS1

\$16,900,000 Original issued amount
 New Hampshire Health and Education Facility Authority
 Healthcare System Revenue Bonds,
 Covenant Health Systems Obligated Group Issue, Series 2014
 Direct Placement with TD Bank

\$2,530,707 Original issued amount
 Massachusetts Health and Educational Facility Authority
 Healthcare System Revenue Bonds,
 Covenant Health Systems Obligated Group Issue, Series 2017
 Direct Placement with Siemens AG

\$7,960,000 Original issued amount
 New Hampshire Health and Education Facility Authority
 Healthcare System Revenue Bonds,
 Covenant Health Systems Obligated Group Issue, Series 2017
 Direct Placement with Siemens AG

Period to Which Report Relates: Quarter ended June 30, 2020

This Continuing Disclosure Report (this "Report") is provided on behalf of the Covenant Health Obligated Group (the "Obligated Group") by Covenant Health, Inc. ("Covenant"), as Obligated Group Agent. The Obligated Group consists of Covenant and the organizations listed on **Exhibit A** attached hereto. The Obligated Group does not include all the organizations controlled by Covenant. Covenant has excluded from the Obligated Group certain of its sponsored controlled organizations based upon regulatory and tax-exempt financing requirements in the jurisdictions in which they operate. The organizations that are directly or indirectly controlled by Covenant (including those within the Obligated Group) are referred to as "Controlled Organizations," and Covenant and all its Controlled Organizations are referred to collectively as the "Consolidated Group." **The following discussion contains reference to certain organizations that are not members of the Obligated Group; such organizations that are not members of the Obligated Group have no obligation with respect to the Bonds or under the Master Indenture and none of the assets or revenues of such organizations are available to make payments of principal or interest on the Bonds or the Notes.**

This Report is being filed with the Municipal Securities Rulemaking Board (the "Board") pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "Rule") and is pursuant to the Continuing Disclosure Agreement pertaining to certain Bonds which were issued concurrently with the formation of the Obligated Group.

THIS REPORT IS INTENDED SOLELY TO PROVIDE CERTAIN LIMITED FINANCIAL AND OPERATING DATA IN ACCORDANCE WITH UNDERTAKINGS OF COVENANT AND THE OBLIGATED GROUP UNDER THE RULE (THE "UNDERTAKING") AND DOES NOT CONSTITUTE A REISSUANCE OF ANY OFFICIAL STATEMENT RELATING TO THE BONDS OR A SUPPLEMENT OR AMENDMENT TO ANY SUCH OFFICIAL STATEMENT.

THIS REPORT CONTAINS CERTAIN FINANCIAL, OPERATING AND OTHER DATA AS OF JUNE 30, 2020. COVENANT AND THE OBLIGATED GROUP HAVE 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 THE BOARD OR 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 and the Obligated Group undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

SUMMARY FINANCIAL INFORMATION

Summary Statement of Operations of Obligated Group

Attached hereto as **Exhibit B** is a Summary Statement of Operations of the Obligated Group for the quarters and year-to-date periods ended June 30, 2020 and 2019 which was 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. The Summary Statement of Operations should be read in conjunction with the notes to the Consolidated Financial Statements of the Consolidated Group for the year ended December 31, 2019, which are included with the Continuing Disclosure Annual Report for the year ended December 31, 2019.

Management's Discussion of Recent Financial Performance of Obligated Group

Net patient service revenue of the Obligated Group for the quarter ended June 30, 2020 was \$60.2 million, a decrease of \$15.8 million (21%) when compared to net patient service revenue of the Obligated Group for the same period in 2019 due to COVID-related reductions in services. Total revenue of the Obligated Group for the quarter ended June 30, 2020 was \$73.7 million, representing a decrease of \$16.1 million (18%) from the same period in 2019. Inpatient volume at St. Joseph Nashua for the June 30, 2020 quarter decreased by 263 inpatient discharges (20%)

when compared with the same quarter in 2019, and outpatient encounters decreased by 6,955 (17%) when comparing the June 30, 2020 and 2019 quarters. Reduction in inpatient and outpatient volume at St. Joseph Nashua has resulted from government mandates for residents to shelter in place and for health care providers to cease performance of elective procedures.

Expenses for the Obligated Group for the quarter ended June 30, 2020 were \$84.0 million, a decrease of \$9.1 million (10%) as compared with expenses of the Obligated Group for the same period in 2019. Salaries and wages for the quarter ended June 30, 2020 were \$38.4 million, a decrease of \$4.2 million (10%) as compared with the same period in 2019. Employee benefits for the quarter ended June 30, 2020 were \$6.4 million, a decrease of \$2.9 million (31%) as compared with the same period in 2019. Supplies and other expenses including provider taxes for the quarter ended June 30, 2020 decreased by \$2.1 million (6%) as compared with the same period in 2019. Much of the 2020 second quarter's decrease in supplies and other expenses is the result of COVID-related reductions in services.

Second quarter 2020 expenses at St. Joseph's were less than the second quarter of 2019 by \$4.2 million, mostly as the result of lower salaries and benefits of \$2.4 million, lower supplies expenses of \$1.2 million, and lower purchased services expenses of \$0.8 million, which were partially offset by higher provider taxes.

The Obligated Group generated a loss from operations of \$10.2 million for the quarter ended June 30, 2020 (representing 14% of total revenue), as compared with an operating loss of \$3.2 million (representing 4% of total revenue) for the same period in 2019.

Non-operating gains of the Obligated Group for the quarter ended June 30, 2020 were \$24.9 million, compared with a non-operating gain of \$8.3 million for the same period in 2019. Non-operating losses for the quarter ended June 30, 2020 were driven by an increase in unrealized investment gains as compared with the second quarter of 2019. The deficit of revenue over expense of the Obligated Group for the quarter ended June 30, 2020 was \$14.7 million, representing a favorable variance of \$9.5 million as compared with the same period in 2019.

Liquidity for the Obligated Group as measured by unrestricted days' cash on hand, calculated using a standard industry method (unrestricted cash and investments divided by operating expense less depreciation, divided by the number of days in the period) rather than the method prescribed by the Master Trust Indenture, was 307 days for the quarter ended June 30, 2020 as compared with 259 days for the quarter ended June 30, 2019. The debt service coverage ratio for the Obligated Group, calculated using a standard industry method (excess of revenues over expenses plus depreciation, amortization, interest and unrealized (gains) or losses divided by interest expense plus estimated debt principal payments for the period in question) rather than the method prescribed by the Master Trust Indenture, was -0.9 for the quarter ended June 30, 2020, as compared with 3.9 for the quarter ended June 30, 2019. Debt service as a percentage of revenue was 5.4% for the quarter ended June 30, 2020 as compared with 3.9% for the quarter ended June 30, 2019. Debt to capitalization for the Obligated Group was 37.7% at June 30, 2020 as compared with 36.3% at June 30, 2019.

St. Joseph Nashua has a frozen defined benefit plan, which was underfunded as of June 30, 2020 and June 30, 2019 in the amount of \$6.2 million and \$5.5 million, respectively. Effective September 2, 2007, plan participation was frozen. St. Joseph Nashua provided pension contributions the second quarter of 2020 and 2019 of \$0.8 million and \$0.6 million, respectively. Market returns net of lump sum payments made to beneficiaries accounted for the increase in the unfunded pension liability from \$5.5 million to \$6.2 million at St. Joseph Nashua between June 30, 2019 and June 30, 2020.

Management's Discussion of Recent Financial Performance of Consolidated Group

*The Consolidated Group includes several organizations that are not members of the Obligated Group (such organizations that are members of the Consolidated Group but not members of the Obligated Group are referred to as "Non-Obligated Group Members"). **The Non-Obligated Group Members have no obligation with respect to the Bonds or under the Master Indenture and none of the assets or revenues of the Non-Obligated Group Members are available to make payments of principal or interest on the Bonds.***

Net patient service revenue of the Consolidated Group was \$126.7 million for the quarter ended June 30, 2020, a decrease of \$47.3 million (27%) as compared with net patient service revenue of the Consolidated Group for the same period in 2019. The primary drivers for the decrease in net patient service revenues were lower acute care inpatient and outpatient volumes of 24% and 26%, respectively. Total revenue of the Consolidated Group for the quarter ended June 30, 2020 was \$153.3 million, representing a decrease of \$27.7 million (27%) from the same period in 2019.

Expenses for the Consolidated Group for the quarter ended June 30, 2020 were \$168.6 million, a decrease of \$15.9 million (9%) from the same period in 2019. Salaries and benefits decreased by \$11.8 million (11%) due to a decrease of 1,036 FTEs (21%), with more significant decreases in support staff and less significant decreases in clinical staff. Supplies and other expenses decreased by \$4.1 million (7%) as compared with the same period in 2019 due to COVID-related reductions in services provided.

The Consolidated Group generated an operating loss of \$15.3 million (representing 10% of total revenue) for the quarter ended June 30, 2020, as compared with an operating loss of \$3.5 million (representing 2% of total revenue) for the same period in 2019.

Non-operating income of the Consolidated Group for the quarter ended June 30, 2020 was \$25.2 million, a favorable variance of \$16.1 million as compared with the same period in 2019. The favorable variance in non-operating income (losses) during the quarter ended June 30, 2020 was driven by unrealized investment gains as compared with the fourth quarter of 2019.

The excess of revenue over expense of the Consolidated Group for the quarter ended June 30, 2020 was \$9.9 million as compared with \$5.6 million in for the June 30, 2019 quarter, a favorable variance of \$4.3 million.

Liquidity for the Consolidated Group as measured by unrestricted days' cash on hand was 233 days as of June 30, 2020, as compared with 187 days as of June 30, 2019. The increase in days' cash on hand was attributable to COVID-related advance payments of \$51.5 million received in 2020. Debt service coverage for the Consolidated Group was -0.6 for the quarter ended June 30, 2020 as compared with 3.5 for the quarter ended June 30, 2019. Debt service as a percentage of revenue was 4.6% for the quarter ended June 30, 2020 as compared with 3.3% for the quarter ended June 30, 2019. Debt to capitalization for the Consolidated Group was 38.4% as of June 30, 2020 as compared with 36.4% as of June 30, 2019.

Both St. Joseph Nashua and St. Joseph Bangor have frozen defined benefit plans. The St. Joseph Nashua Defined Benefit Pension Plan is discussed above in the narrative pertaining to the Obligated Group. St. Joseph Bangor's defined benefit plan was frozen for new participants effective as of January 1, 2004. The unfunded pension liability of the Consolidated Group increased from \$2.2 million as of June 30, 2019 to \$8.0 million as of June 30, 2020. This increase was principally due to unfavorable market returns of equity and other marketable securities occurring between the two periods. The unfunded status of St. Joseph Bangor's defined benefit plan increased from \$1.1 million as of June 30, 2019 to \$1.8 million as of June 30, 2020.

Attached hereto as **Exhibit C** is a comparison of the financial performance of the Consolidated Group to the Obligated Group for the quarters and year-to-date periods ended June 30, 2020 and June 30, 2019, which was derived by management from unaudited internal financial statements.

HISTORICAL UTILIZATION OF SERVICES

The table attached hereto as **Exhibit D-1** summarizes the utilization of services at the Obligated Group's acute hospital (St. Joseph Nashua) and nursing homes (MI Nursing, Maristhill and St. Mary) for the quarters and year-to-date periods ended June 30, 2020 and 2019. The table attached hereto as **Exhibit D-2** summarizes the utilization of services at all Non-Obligated Group Members for such periods.

THIRD PARTY PAYMENT

Obligated Group Payor Mix

The table attached hereto as **Exhibit E-1** summarizes the percentage of net patient service revenue of the Obligated Group's acute hospital (St. Joseph Nashua) and nursing homes (MI Nursing, Maristhill and St. Mary) by source of payment for the quarters and year-to-date periods ended June 30, 2020 and 2019. The table attached hereto as **Exhibit E-2** summarizes the percentage of net patient service revenue for certain Non-Obligated Group members and for all nursing homes in the Consolidated Group for such periods.

ADDITIONAL INFORMATION

Attached hereto as **Exhibit F** is the Consolidated Group balance sheet as of June 30, 2020, December 31, 2019, and June 30, 2019.

Attached hereto as **Exhibit G** is the Consolidated Group statement of changes in net assets for the quarters and year-to-date periods ended June 30, 2020 and 2019.

Attached hereto as **Exhibit H** is the reconciliation of the operating margin for the Obligated Group to the operating margin for the Consolidated Group for the quarters and year-to-date periods ended June 30, 2020 and 2019.

Date: 08/10/2020 COVENANT HEALTH, INC.

By: 

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

Exhibit A

Members of the Obligated Group

The Obligated Group consists of Covenant and the following organizations, each of which is directly or indirectly controlled by Covenant:

- St. Joseph Hospital of Nashua, NH, Inc. ("St. Joseph Nashua")
- The Surgi Center at St. Joseph Hospital, Inc. ("SurgiCenter")*
- Souhegan Nursing Association, Inc. ("Souhegan")*
- MI Nursing/Restorative Center, Inc. ("MI Nursing")
- MI Adult Day Health Center, Inc. ("MI Adult Day Health")
- MI Management Inc. ("MI Management")
- MI Transportation, Inc. ("MI Transportation")
- Youville Lifecare, Inc. ("Youville Lifecare")*
- Youville Hospital and Rehabilitation Center, Inc. ("Youville Hospital")*
- The Youville House, Inc. ("Youville House")
- CHS of Waltham, Inc. (d.b.a. Maristhill Nursing and Rehabilitation Center) ("Maristhill")
- CHS of Worcester, Inc. (d.b.a. St. Mary Health Care Center) ("St. Mary")
- Fanny Allen Corporation
- Youville Place, Inc. ("Youville Place")
- Mount St. Rita Health Centre ("Mount St. Rita")
- St. Joseph Manor Health Care, Inc. ("St. Joseph Manor") and
- Penacook Place, Inc. ("Penacook Place")

* Youville Lifecare, Youville Hospital, SurgiCenter and Souhegan have discontinued their operations.

Covenant Health Obligated Group				
Summary Statement of Operations				
for the Quarters and Year-to-Date Periods Ended June 30, 2020 and 2019				
(\$ in 000s)				
	<u>Quarter Ended June 30,</u>		<u>Year- to- Date June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue				
Net patient service revenue	\$ 60,223	\$ 76,037	\$ 134,531	\$ 152,812
Other	13,404	13,760	25,034	27,792
Net Assets release from restrictions	98	42	368	203
Total Revenue	73,725	89,839	159,933	180,807
Expenses				
Salaries and wages	38,414	42,581	79,052	84,860
Employee benefits	6,428	9,356	14,775	17,993
Supplies and other expenses	32,779	34,910	67,533	66,547
Interest expense	1,743	1,779	3,498	3,724
Depreciation and amortization	4,587	4,385	9,128	8,782
Total Expenses	83,951	93,011	173,986	181,906
Income from operations	(10,226)	(3,172)	(14,053)	(1,099)
Non - operating gains (losses) , net *	24,878	8,286	(26,491)	25,075
Excess (deficiency) of revenue over expenses	\$ 14,652	\$ 5,114	\$ (40,544)	\$ 23,976
* Includes unrealized gains (losses) on investment and equity loss on investment in St. Joseph Hospital Corporate Services, Inc., which is not a member of the Obligated Group.				

Covenant Health, Inc.								EXHIBIT C
for the quarters and year-to-date periods ended June 30, 2020 and 2019 (\$ in 000s)								
Key Statistics								
	Consolidated Group				Obligated Group			
	Quarter Ended June 30 2020	Quarter Ended June 30 2019	Year-to-Date June 30 2020	Year-to-Date June 30 2019	Quarter Ended June 30 2020	Quarter Ended June 30 2019	Year-to-Date June 30 2020	Year-to-Date June 30 2019
Statements of operations								
Net Patient Service Revenue	\$126,722	\$173,995	\$292,725	\$341,350	\$60,223	\$76,037	\$134,531	\$152,812
Total Revenue	\$153,319	180,997	327,644	356,083	\$73,725	89,839	159,933	180,807
Total Expenses	\$168,637	184,503	357,495	364,410	\$83,951	93,011	173,986	181,906
Income (Loss) from Operations	(15,318)	(3,506)	(29,851)	(8,327)	(10,226)	(3,172)	(14,053)	(1,099)
Non-Operating Gains (Losses), Net *	\$25,191	9,110	(29,934)	28,444	\$24,871	8,286	(26,491)	25,087
Excess (Deficiency) of Revenue over Expenses	9,873	5,604	(59,785)	20,117	14,645	5,114	(40,544)	23,988
Interest Expense	\$2,581	2,930	5,133	5,509	\$1,743	1,779	3,498	3,724
Depreciation and Amortization	\$7,702	7,683	15,382	15,477	\$4,587	4,385	9,128	8,782
Net unrealized gains (losses) on investments	\$24,090	(4,727)	(38,264)	12,692	\$24,590	(2,480)	(32,273)	12,651
Debt Service								
Income Available for Debt Service ***	(3,934)	20,944	(1,006)	28,411	(3,615)	13,758	4,355	23,843
Estimated Debt Service for Period **	7,046	5,989	14,062	11,627	4,009	3,530	8,031	7,226
Balance Sheet								
Unrestricted Cash and Investments	411,625	364,201	411,625	364,201	267,624	252,539	267,624	252,539
Total Assets	929,379	908,052	929,379	908,052	578,371	580,479	578,371	580,479
Current Portion of Long-Term Debt	16,685	31,481	16,685	31,481	9,633	7,477	9,633	7,477
Long - Term Debt	233,790	217,196	233,790	217,196	167,832	172,505	167,832	172,505
Net Assets without Restrictions	\$401,065	\$434,052	\$401,065	\$434,052	\$293,505	\$315,521	\$293,505	\$315,521
Profitability								
Operating margin (%)	-10.0%	-1.9%	-9.1%	-2.3%	-13.9%	-3.5%	-8.8%	-0.6%
Excess Margin (%)	6.4%	3.1%	-18.2%	5.6%	19.9%	5.7%	-25.4%	13.3%
Liquidity								
Days Cash on Hand	233	187	219	189	307	259	295	264
Leverage								
Debt Service Coverage (x)	-0.6	3.5	-0.1	2.4	-0.9	3.9	0.5	3.3
Debt to Capitalization (%)	38.4%	36.4%	38.4%	36.4%	37.7%	36.3%	37.7%	36.3%
Debt Service/Revenue (%)	4.6%	3.3%	4.3%	3.3%	5.4%	3.9%	5.0%	4.0%
* Obligated Group amount includes equity loss on investment in St. Joseph Hospital Corporate Services, Inc.								
** Estimated debt service for the quarters and year-to-date periods ended June 30, 2020 and 2019 is based upon one quarter and one half of the current portion of long-term debt as of Dec. 31, 2019 or 2018, respectively.								
*** Income Available for Debt Service is the excess of revenues over expenses plus interest and depreciation, minus unrealized gains (losses). The Master Trust Indenture Agreement requires a different methodology measured annually.								

Covenant Health Obligated Group				EXHIBIT D - 1	
Key Hospital and Nursing Home Utilization Statistics					
Quarters and Year to Date Periods Ended June 30, 2020 and 2019					
	Quarter Ended June 30		Year-to-Date June 30		
	2020	2019	2020	2019	
St. Joseph Hospital of Nashua, NH					
Licensed Beds	208	208	208	208	
Admissions	1,082	1,345	2,303	2,712	
Patient Days	5,898	6,122	11,738	12,873	
ALOS (days)	5.5	4.6	5.1	4.7	
Outpatient Encounters	48,376	41,421	120,933	81,079	
Average Daily Census	65	67	64	71	
FTEs	973	1,190	1,031	1,190	
MI Nursing					
Licensed Beds (In Service)	231	231	231	231	
Patient Days	8,420	19,440	28,494	38,786	
Average Daily Census	93	216	157	214	
Occupancy Rate	40%	94%	68%	93%	
FTEs	162	297	189	297	
Maristhill					
Licensed Beds (In Service)	104	104	104	104	
Patient Days	4,389	7,977	13,138	16,246	
Average Daily Census	48	89	72	90	
Occupancy Rate	46%	85%	69%	86%	
FTEs	74	84	75	84	
St. Mary (Worcester, MA)					
Licensed Beds (In Service)	124	124	124	124	
Patient Days	6,124	11,014	17,226	21,819	
Average Daily Census	67	122	95	121	
Occupancy Rate	54%	99%	76%	97%	
FTEs	80	92	85	92	
ST. JOSEPH MANOR					
Licensed Beds (In Service)	118	118	118	118	
Patient Days	4,571	9,746	14,240	19,607	
Average Daily Census	50	108	78	108	
Occupancy Rate	43%	92%	66%	92%	
FTEs	69	103	80	103	
MOUNT ST. RITA					
Licensed Beds (In Service)	98	98	98	98	
Patient Days	4,308	9,284	12,700	16,633	
Average Daily Census	47	103	70	92	
Occupancy Rate	48%	105%	71%	94%	
FTEs	59	80	73	80	
Penacook Place					
Licensed Beds (In Service)	144	144	144	144	
Patient Days	5,894	11,223	16,350	22,336	
Average Daily Census	65	125	90	123	
Occupancy Rate	45%	86%	62%	86%	
FTEs	113	136	120	136	

Covenant Health Non-Obligated Group Members				EXHIBIT D - 2	
Key Hospital and Nursing Home Utilization Statistics					
for the Quarters and Year-to-Date Periods Ended June 30, 2020 and 2019					
	Quarter Ended June 30		Year-to-Date June 30		
	2020	2019	2020	2019	
ST. MARY'S REGIONAL MEDICAL CENTER excluding d'Youville Pavilion *					
Licensed Beds	233	233	233	233	
Admissions	1,318	1,585	2,835	3,099	
Patient Days	6,347	9,270	14,313	14,344	
ALOS (days)	4.8	5.8	5.0	4.6	
Outpatient Encounters	86,733	163,482	121,649	320,068	
Average Daily Census	70	103	79	79	
FTES	938	1,129	993	1,129	
ST. JOSEPH HOSPITAL OF BANGOR, ME *					
Licensed Beds	112	112	112	112	
Admissions	592	992	1,568	1,983	
Patient Days	2,755	4,479	6,852	8,848	
ALOS (days)	4.7	4.5	4.4	4.5	
Outpatient Encounters	51,524	90,358	93,707	246,944	
Average Daily Census	30	50	38	49	
FTES	738	875	765	875	
ST. ANDRE *					
Licensed Beds (In Service)	96	96	96	96	
Patient Days	4,620	7,221	11,835	14,570	
Average Daily Census	51	80	65	80	
Occupancy Rate	53%	84%	68%	84%	
FTES	89	86	88	86	
d'YOUVILLE PAVILION (a division of St. Mary's Regional Medical Center) *					
Licensed Beds (In Service)	210	210	210	210	
Patient Days	10,314	17,521	27,140	35,092	
Average Daily Census	113	195	149	194	
Occupancy Rate	54%	93%	71%	92%	
FTES	133	105	139	105	
ST. MARY'S VILLA *					
Licensed Beds (In Service)	112	112	112	112	
Patient Days	5,046	8,961	14,358	17,999	
Average Daily Census	55	100	79	99	
Occupancy Rate	50%	89%	70%	89%	
FTES	116	150	124	150	
* Not a member of the Obligated Group					

Covenant Health Obligated Group				EXHIBIT E - 1	
Payor Mix					
Quarters and Year-to-Date Periods Ended June 30, 2020 and 2019					
	<u>Quarter Ended June 30</u>		<u>Year-to-Date June 30</u>		
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
Sources of Net Revenue					
St. Joseph Hospital of Nashua, NH					
Medicare	52%	48%	48%	48%	
Medicaid	8%	8%	8%	8%	
Commercial & Managed Care	35%	42%	39%	42%	
Self Pay	5%	2%	5%	2%	
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	
Nursing Homes					
Medicaid	79%	80%	80%	81%	
Medicare	14%	8%	10%	7%	
Private Pay	5%	10%	8%	9%	
Other	2%	2%	3%	3%	
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	

Covenant Health Consolidated Group				EXHIBIT E - 2	
Payor Mix					
Quarters and Year-to-Date Periods Ended June 30, 2020 and 2019					
	<u>Quarter Ended June 30</u>		<u>Year-to-Date June 30</u>		
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
St. MARY'S REGIONAL MEDICAL CENTER *					
Medicare	37%	45%	44%	45%	
Medicaid	33%	18%	23%	18%	
Commercial & Managed Care	25%	31%	28%	31%	
Self Pay	6%	6%	5%	6%	
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	
St. Joseph Hospital of Bangor, ME *					
Medicare	53%	53%	52%	53%	
Medicaid	16%	12%	15%	12%	
Commercial & Managed Care	26%	31%	29%	31%	
Self Pay	5%	4%	4%	4%	
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	
Nursing Homes Consolidated Group **					
Medicaid	75%	79%	77%	79%	
Medicare	14%	8%	11%	8%	
Private Pay	9%	10%	10%	10%	
Other	2%	3%	2%	3%	
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	
* Not a member of the Obligated Group					
** All nursing homes					

Covenant Health, Inc. and Subsidiaries - Consolidated			EXHIBIT F
Consolidated Balance Sheet			
as of June 30, 2020			
	6/30/2020	12/31/2019	6/30/2019
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 94,726	\$ 54,011	\$ 51,035
Accounts Receivable, net	70,619	94,098	94,343
Pledges Receivable - Current Portion	6,155	7,283	
Short-term investments	1,059	1,286	39,540
Inventories	5,541	5,588	4,873
Prepaid expenses and other assets	14,697	15,558	13,161
Amounts receivable from third party payors	(3,473)	-	(7,905)
Current portion asset whose use is limited or restricted	7,271	6,313	10,174
Due from Affiliates - Current Portion	-	-	
Total Current Assets	196,595	184,137	205,221
Assets Whose Use is Limited or Restricted:			
Funds held by trustees, less current portion	22,324	24,080	24,597
Deferred compensation	12,595	13,415	13,064
Board designated & long term investments	316,899	326,839	268,312
Replacement reserve	5,986	5,409	5,314
Donor Restricted & other resident funds	31,089	35,973	39,902
Total Assets Whose Use is Limited or Restricted	388,893	405,716	351,189
Other Assets:			
Notes receivable and other assets	1,061	4,610	10,908
Pledges Receivable - LT	14,240	1,078	
Investments in joint ventures	6,960	6,892	7,228
Due from affiliates - LT	-	-	
Total Other Assets	22,261	12,580	18,136
Property, Plant & Equipment:			
Land and improvements	37,393	24,124	25,175
Buildings and improvements	431,085	439,796	458,963
Equipment	289,687	288,602	301,180
Construction in progress	12,946	11,138	11,623
Accumulated Depreciation	(458,770)	(444,123)	(471,340)
Right of Use Assets	11,085	10,547	
Accum. Amort. - ROU Assets	(1,796)	(1,108)	
Total Property, Plant & Equipment	321,630	328,976	325,601
Total Assets	\$ 929,379	\$ 931,409	\$ 900,147

Covenant Health, Inc. and Subsidiaries - Consolidated	EXHIBIT F (continued)		
Consolidated Balance Sheet			
as of June 30, 2020			
	6/30/2020	12/31/2019	6/30/2019
Liabilities and Net Assets:			
Current Liabilities:			
Accounts payable	\$ 18,691	\$ 35,728	\$ 14,293
Accrued expenses	54,692	41,786	55,900
Due to third party payors	15,161	12,827	8,407
Other current liabilities	65,966	2,534	13,278
Due to affiliates - Current Portion	-	-	
Lines of credit	-	-	
Current portion of notes payable	1,671	-	
Current portion of long-term debt	13,120	15,199	31,313
Current portion of capital lease obligations	1,894	2,659	168
Total Current Liabilities	171,195	110,733	123,359
Long-term debt, less current portion	226,390	230,104	217,175
Capital lease obligation - LT portion	7,400	6,698	22
Due to affiliates - LT portion	-	-	
Other liabilities and residents funds	20,344	20,615	27,345
Defined benefit pension obligation	8,039	2,289	2,289
Professional liability loss reserves	30,395	35,557	40,025
Total Long-Term Liabilities	292,568	295,263	286,856
Net Assets:			
Without Donor Restrictions	401,065	465,958	434,052
With Donor Restrictions	64,551	59,455	55,880
Total Net Assets	465,616	525,413	489,932
Total Liabilities and Net Assets	\$ 929,379	\$ 931,409	\$ 900,147

Covenant Health, Inc. and Subsidiaries - Consolidated					EXHIBIT G
Statement of Changes in Net Assets					
for the quarters and year-to-date periods ended June 30, 2020 and 2019					
(\$ in 000s)					
	Quarter Ended June 30, 2020	Quarter Ended June 30, 2019	Year-to-Date Period Ended June 30, 2020	Year-to-Date Period Ended June 30, 2019	
Operating Revenue:					
Net patient service revenue	\$ 126,722	\$ 173,995	\$ 292,725	\$ 341,350	
Other operating revenue	26,156	6,663	34,016	14,183	
Net assets released from restrictions	441	339	903	550	
Total Operating Revenue	153,319	180,997	327,644	356,083	
Operating Expenses:					
Salaries and Wages	79,708	88,318	166,033	174,796	
Employee Benefits	14,859	18,090	32,638	35,844	
Supplies	17,485	20,707	37,937	41,282	
Other Expenses	40,649	41,485	89,012	80,629	
Interest	2,581	2,755	5,133	5,509	
Depreciation and Amortization	7,702	7,739	15,382	15,477	
Provider Tax	5,653	5,437	11,360	10,873	
Total Operating Expenses	168,637	184,530	357,495	364,410	
Income (Loss) from Operations	(15,318)	(3,533)	(29,851)	(8,327)	
Non-Operating Income (Expense):					
Dividend & Interest Income	1,631	2,910	4,635	5,819	
Realized Gain (Loss) from Investments	439	12,131	5,651	11,894	
Unrealized Gain (Loss) from Investments	24,090	(4,727)	(38,264)	12,692	
Gain (Loss) on Sale of Assets	4	-	22		
Other Non-Operating Income	407	(1,198)	640	(1,961)	
Other Non-Operating Expense	(614)	-	(1,064)		
Net Periodic Pension Cost, Net of Service Cost	(766)	-	(1,554)		
Non-Operating Income (Expense)	25,191	9,115	(29,934)	28,444	
Excess of Revenue Over Expenses	9,873	5,583	(59,785)	20,117	
Net Assets Released from Restrictions - Non-Operating	342	-	342		
Adjustments to Defined Benefit Pension Obligation	(2,927)	-	(5,450)		
Transfer among affiliates	-	(1,643)	-	1,215	
Increase (Decrease) in Net Assets w/o Donor Restr.	\$ 7,288	\$ 3,940	\$ (64,893)	\$ 21,332	
Increase (Decrease) in Net Assets with Donor Restrictions	8,356	360	5,096	1,406	
Total Change in Net Assets	\$ 15,644	\$ 4,300	\$ (59,797)	\$ 22,738	

Covenant Health, Inc.				Exhibit H
Operating Margin Reconciliation				
for the Quarters and Year-to-Date Periods Ended June 30, 2020 and 2019				
(\$ in 000s)				
	Quarter Ended June 30, 2020	Quarter Ended June 30, 2019	Year-to-Date Period Ended June 30, 2020	Year-to-Date Period Ended June 30, 2019
Obligated Group Operating Margin	(\$10,226)	\$ (3,172)	(14,053)	(1,099)
St. Mary's Health System	1,534	(1,608)	(6,723)	(6,217)
St. Joseph's Heathcare of Bangor, ME	(7,184)	803	(9,857)	(1,829)
St. Joseph Hospital Corporate Services, Inc.	26	31	29	30
Mary Immaculate Residential Community, Inc.	176	189	331	344
St. Andre Health Care Facility	225	146	368	294
St. Mary's Villa	292	152	388	329
Valuation company related to acquisition of St. Joseph, Bangor, ME	(29)	(13)	(57)	(25)
CHIL and Eliminations	(132)	(34)	(277)	(153)
System Consolidated Operating Margin	(\$15,318)	(\$3,506)	(\$29,851)	(\$8,326)