Covenant Health

Financial Statements
March 31, 2026

Independent auditor's report

To the Board of Directors of Covenant Health

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Covenant Health (the Organization) as at March 31, 2026 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2026;
- the statement of changes in net assets for the year then ended;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Unaudited budget figures

The budget figures in the Budget 2026 column on the statement of operations are supplementary information and have not been audited.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants
Edmonton, Alberta
June 25, 2026

Covenant Health

Management's Responsibility for Financial Reporting

Financial Statements

March 31, 2026

The accompanying financial statements for the year ended March 31, 2026 are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and of necessity include some amounts based on estimates and judgement.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of financial management and internal controls which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- safeguard the assets and properties under Covenant Health's administration.

Covenant Health carries out its responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and PricewaterhouseCoopers LLP, Covenant Health's external auditors, to review financial matters, and recommends the financial statements to the Covenant Health Board of Directors for approval upon finalization of the audit. PricewaterhouseCoopers LLP has free access to the Audit and Finance Committee.

PricewaterhouseCoopers LLP provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures which allow them to report on the fairness of the financial statements prepared by management.

Patrick Dumelie
Chief Executive Officer
Covenant Health

June 25, 2026
Date

Rosa Rudelich
Chief Adminstrative Officer
Covenant Health

June 25, 2026
Date

Covenant Health

Statement of Financial Position

As at March 31, 2026

(in thousands of dollars)

	2026 $	2025 $
Assets		
Current assets		
Cash and cash equivalents	25,120	20,325
Accounts receivable (note 22)	126,321	39,785
Inventories	2,772	2,628
Prepaid expenses and deposits	14,257	4,667
Current portion of capital lease receivable (note 4)	2,216	2,152
	170,686	69,557
Investments (note 3)	123,976	55,622
Capital lease receivable (note 4)	47,238	49,454
Capital assets (note 5)	571,482	563,206
	913,382	737,839
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 22 and 26)	163,170	137,630
Accrued vacation pay	66,925	59,762
Deferred contributions (note 7)	35,095	34,423
Current portion of long-term debt (note 8)	12,217	10,798
	277,407	242,613
Long-term debt (note 8)	182,600	82,463
Unamortized external capital contributions (note 10)	353,252	342,918
	813,259	667,994
Net Assets		
Accumulated surplus (deficit)	2,727	(113,610)
Invested in capital assets	68,067	173,859
Internally restricted (note 25)	29,329	9,596
	100,123	69,845
	913,382	737,839

Contingencies (note 13)

Approved by the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements.

Covenant Health

Statement of Changes in Net Assets

For the year ended March 31, 2026

(in thousands of dollars)

				2026	2025
	Accumulated surplus (deficit) $	**Invested in capital assets $**	**Internally restricted $** (note 25)	**Total $**	**Total $**
Balance – beginning of year	(113,610)	173,859	9,596	69,845	50,890
Excess of revenue over expenses	34,084	-	-	34,084	19,101
Capital assets purchased with internal funds	(10,824)	10,897	(73)	-	-
Amortization of internally funded capital assets	9,101	(9,101)	-	-	-
Proceeds of long term debt used to fund capital assets	107,700	(107,700)	-	-	
Repayment of long-term debt used to fund capital assets	(3,964)	3,964	-	-	-
Disposal of internally funded capital assets	2	(3,852)	-	(3,850)	-
Transfer to internally restricted net assets	(19,806)	-	19,806	-	-
Remeasurement of supplementary pension plan (note 12(a))	44	-	-	44	(146)
Balance – end of year	2,727	68,067	29,329	100,123	69,845

The accompanying notes are an integral part of these financial statements.

Covenant Health

Statement of Operations

For the year ended March 31, 2026

(in thousands of dollars)

	Budget 2026 $ (Unaudited – note 16)	Actual 2026 $	Actual 2025 $ (note 28)
Revenue and other income			
Global contributions (note 17)	983,895	996,315	906,309
Other government contributions	22,153	14,954	15,078
Fees and charges (note 18)	65,993	63,131	63,759
Ancillary operations	22,741	23,410	21,967
Donations	1,800	3,131	1,742
Investment	7,439	7,576	4,618
Other income (note 19)	7,184	7,232	5,144
Amortization of external capital contributions (note 10)	22,828	24,888	22,813
	1,134,033	1,140,637	1,041,430
Expenses (schedule 1)			
Acute care	551,856	542,897	496,833
Continuing care	106,538	105,366	93,636
Emergency medical services	3,099	3,323	2,771
Community care	23,297	23,497	20,843
Home care	119	101	-
Diagnostic and therapeutic services	141,116	140,258	130,472
Population and public health	2,309	2,360	1,984
Research and education	2,657	2,793	2,281
Administration (note 20)	49,504	52,836	47,422
Information technology	2,528	3,067	2,118
Support services (note 21)	251,010	232,366	227,150
	1,134,033	1,108,864	1,025,510
Excess of revenue over expenses before other items	-	31,773	15,920
Fair value change in investments	-	2,311	3,181
Excess of revenue over expenses	-	34,084	19,101

The accompanying notes are an integral part of these financial statements.

Covenant Health

Statement of Cash Flows

For the year ended March 31, 2026

(in thousands of dollars)

	2026 $	2025 $ (note 28)
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	34,084	19,101
Items not affecting cash		
Amortization of capital assets:		
Internally funded	9,101	4,330
Externally funded	24,888	22,813
Amortization of externally funded capital contributions (note 10)	(24,888)	(22,813)
Realized gain on investments	(6,043)	(2,898)
Unrealized gain from investments measured at fair value	(2,311)	(3,181)
Disposal of internally funded capital assets	2	2,806
Remeasurement of supplementary pension plan (note 12(a))	44	(146)
	34,877	20,012
Net change in non-cash working capital items (note 23)	(55,499)	17,339
	(20,622)	37,351
Investing activities		
Purchase of investments	(61,804)	-
Proceeds on sale of investments	1,804	-
Proceeds on capital leases	2,152	2,091
Purchases of capital assets:		
Internally funded – equipment	(260)	(803)
Internally funded – facility and improvements	(18,227)	(36,952)
Externally funded – equipment	(12,424)	(6,153)
Externally funded – facility and improvements	(9,900)	(9,917)
	(98,659)	(51,734)
Financing activities		
Principal payments on long-term debt	(6,144)	(5,892)
Proceeds from loan	107,700	-
Capital contributions received (note 9)	22,520	17,817
	124,076	11,925
Change in cash and cash equivalents	4,795	(2,458)
Cash and cash equivalents – beginning of year	20,325	22,783
Cash and cash equivalents – end of year	25,120	20,325

The accompanying notes are an integral part of these financial statements.

(tabular amounts in thousands of dollars)

1 Authority, purpose and operations

Covenant Health, established under the Caritas Health Group Statutes Amendment Act 2009, hereafter referred to as the Covenant Health Act, is an operator of health facilities and programs in the Province of Alberta. Covenant Health is a registered charity under the Income Tax Act (Canada) and is, therefore, exempt from payment of income tax.

On November 8, 2023, the Government of Alberta announced plans to refocus healthcare in Alberta which resulted in the creation of Provincial Health Agencies and Corporations overseen by the government. Provincial health agencies are strategic planning and governance bodies while provincial health corporations are operational entities created to run specific services.

Provincial Health Agency	**Government Ministry**	**Effective**
Recovery Alberta	Alberta Mental Health and Addictions	July 2024 – legal entity September 2024 – operational
Assisted Living Alberta	Alberta Assisted Living and Social Services	April 2025 – legal entity September 2025 – operational
Acute Care Alberta	Alberta Hospital and Surgical Health Services	February 2025 – legal entity April 2025 – operational
Primary Care Alberta	Alberta Primary and Preventative Health Services	November 2024 – legal entity February 2025 – operational
Provincial Health Corporation	**Government Ministry**	**Effective**
Health Shared Services	Alberta Primary and Preventative Health Services	November 2025 – legal entity December 2025 – operational
Provincial Health Corporation	**Provincial Health Agency**	**Effective**
Alberta Health Services	Acute Care Alberta	April 2009 – established December 2025 – shift to hospital service provider
Ambulance and Emergency Health Services	Acute Care Alberta	June 2025 – legal entity September 2025 - operational
Cancer Care Alberta	Acute Care Alberta	June 2025 – legal entity September 2025 - operational
Give Life Alberta	Acute Care Alberta	June 2025 – legal entity September 2025 - operational

Alberta Health Services (AHS) was established on April 1, 2009, and as the Regional Health Authority was responsible for the delivery of appropriate, accessible and affordable health services in Alberta. In December 2025, AHS shifted to being an acute hospital service provider overseen by Acute Care Alberta.

(tabular amounts in thousands of dollars)

Prior to the creation of the above noted provincial health corporations and agencies, AHS was responsible for the delivery of appropriate, accessible and affordable health services in Alberta. AHS provided health system oversight, distributed funding, operated acute and long-term care facilities and was a shared service provider. In December 2025, when Health Shared Services (HSS) began operations, AHS began transitioning shared services responsibilities to HSS allowing AHS to focus on their mandate of being a hospital service provider. HSS will operate independently but in close collaboration with each Provincial Health Agency. Transition of shared service functions from AHS to HSS are ongoing.

Covenant Health acts as a service delivery organization in the Province of Alberta and is funded by and accountable to the Provincial Health Agencies based on function.

Covenant Health's operations are conducted from the following sites:

- Banff Mineral Springs Hospital, Banff
- Bonnyville Health Centre, Bonnyville
- Community Health Centre – Lakewood, Edmonton (opened fall 2025)
- Edmonton General Continuing Care Centre, Edmonton
- Grey Nuns Community Hospital, Edmonton
- Killam Health Centre, Killam
- La Crete Community Health and Continuing Care Centre, La Crete (assumed fall 2025)
- Mary Immaculate Hospital, Mundare
- Misericordia Community Hospital, Edmonton
- Our Lady of the Rosary Hospital, Castor
- St. Joseph's Auxiliary Hospital, Edmonton
- St. Joseph's General Hospital, Vegreville
- St. Joseph's Home, Medicine Hat
- St. Mary's Health Care Centre, Trochu
- St. Mary's Hospital, Camrose
- St. Michael's Health Centre, Lethbridge
- St. Therese Villa, Lethbridge
- Youville Home, St. Albert
- Villa Caritas, Edmonton

These financial statements do not include the assets and operations of related charitable Foundations. These Foundations are described further in note 22(e).

2 Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (Not-For-Profit Standards) as set out in Part III of the Chartered Professional Accountants (CPA) of Canada Handbook. The following are the significant accounting policies:

(tabular amounts in thousands of dollars)

a) Revenue recognition

These financial statements have been prepared using the deferral method of accounting for contributions, the key elements of which are:

i) Unrestricted contributions are recognized as revenue in the year received or receivable.

ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.

iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

iv) Externally restricted contributions to purchase capital assets that will not be amortized and endowments are recorded as direct increases to net assets.

v) Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

vi) Donations and contributions in-kind are recorded at fair value when such value can reasonably be determined. While volunteers contribute a significant amount of time each year to assist Covenant Health, the value of their services is not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

vii) Fees and charges, ancillary operations, and other income are recognized in the period that the goods are delivered or the services are provided.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months.

c) Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out basis, and replacement cost.

d) Financial instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, investments, capital lease receivable, accounts payable and accrued liabilities, accrued vacation pay and long-term debt and are initially recorded at fair value. Investments are subsequently measured at fair value with changes in fair value recorded in the statement of operations. Financial assets originated or acquired, and financial liabilities

(tabular amounts in thousands of dollars)

issued or assumed in a related party transaction are initially measured at cost. For financial instruments with repayment terms, cost is determined as the sum of undiscounted cash flows, excluding interest and dividend payments, of the instrument less any impairment losses. For financial instruments with no repayment terms, cost is determined by reference to the consideration transferred or received. The instruments are subsequently measured at cost less any reduction for impairment. All other financial instruments are subsequently recorded at amortized cost.

Transaction costs related to financial assets carried at fair value are expensed as incurred. The initial fair value of financial instruments, other than those subsequently measured at fair value, is adjusted for financing fees or transaction costs directly attributable to the origination of the instrument. Covenant Health accounts for the purchase and sale of investments using settlement date accounting.

e) Capital lease receivable

Covenant Health leases certain land and buildings to Covenant Care, an entity under common control. Leases where the lessee has assumed substantially all the risks and rewards of ownership are classified as capital lease receivable. The capital leases are capitalized at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments receivable.

Each lease payment is allocated between capital lease receivable and finance income. The corresponding lease receivable, net of any direct financing fees, is included in non-current assets. The interest element of the finance income is recognized in the statement of operations over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the receivable for each period.

f) Capital assets

Capital assets and construction projects-in-progress are recorded at cost less accumulated amortization and any provision for impairment. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the asset. Cost includes overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction of the asset, and asset retirement costs. The cost for contributed capital assets is considered to be fair value at the date of contributions. The cost of capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components. Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to Covenant Health's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-downs of capital assets are recognized as an expense. Write-downs are not subsequently reversed.

(tabular amounts in thousands of dollars)

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Land improvements	2 – 25 years
Buildings	10 – 40 years
Leasehold improvements	Lesser of the term of the related lease and any specific component useful life
Parking lot and lot improvements	20 years
Major equipment	3 – 30 years
Computer software	1 – 5 years

Construction projects-in-progress are not amortized until the project is available for use.

g) Employee future benefits

Covenant Health sponsored a defined benefit Supplemental Pension Plan (SPP), which is fully funded. The SPP covers certain executives and supplements the benefits under the Local Authorities Pension Plan that are limited by the Income Tax Act (Canada). The obligations and costs of the benefits are determined annually through an actuarial valuation as at March 31 using the projected benefit method pro-rated on services and management's best estimate assumptions, including a market-related discount rate. The obligation is measured using the actuarial valuation for accounting purposes.

The net benefit cost of the SPP reported in these financial statements includes the current service cost, interest cost on the current service cost and obligations, as well as initial obligations and net actuarial gains and losses. Actuarial gains and losses are recognized immediately in the statement of changes in net assets.

Employees of Covenant Health participate in the Local Authorities Pension Plan (LAPP) which is a registered defined benefit multi-employer pension plan. As sufficient information to follow accounting standards for defined benefit plans is not available, the LAPP is accounted for following the standards of defined contribution plans.

h) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

(tabular amounts in thousands of dollars)

3 Investments

The pooled fund investments are summarized as follows:

	2026		2025	
	Fair value $	**Cost $**	**Fair value $**	**Cost $**
Bonds and debentures	36,251	37,408	16,073	16,378
Canadian equities	15,611	12,865	6,840	5,630
International equities	72,114	63,621	32,709	25,843
	123,976	113,894	55,622	47,851

In order to earn optimal financial returns at an acceptable level of risk, the Board of Directors has established a policy asset mix. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

4 Capital lease receivable

	2026 $	**2025 $**
Villa Marie Phase I, capital lease receivable from Covenant Care due December 2038, repayable in monthly instalments of $18 including interest at 3.545%	2,274	2,413
Villa Marie Phase II, capital lease receivable from Covenant Care due July 2043, repayable in monthly instalments of $39 including interest at 2.915%	6,318	6,596
St. Teresa Place, capital lease receivable from Covenant Care due April 2042, repayable in monthly instalments of $166 including interest at 2.989%	25,476	26,695
Buffalo Grace Manor, capital lease receivable from Covenant Care due December 2047, repayable in monthly installments of $78 including interest at 2.691%	15,386	15,902
	49,454	51,606
Less: Current portion	2,216	2,152
	47,238	49,454

(tabular amounts in thousands of dollars)

The minimum lease payments over the next five years and thereafter, based on the current repayment schedules, are approximately as follows:

	$
2027	3,608
2028	3,608
2029	3,608
2030	3,608
2031	3,608
Thereafter	45,117
	63,157
Less: Amounts representing interest	(13,703)
	49,454

5 Capital assets

			2026
	Cost $	**Accumulated amortization $**	**Net book value $**
Operating assets			
Land	38,630	-	38,630
Land improvements	12,092	5,273	6,819
Buildings	235,065	68,469	166,596
Leasehold improvements	328,805	102,136	226,669
Major equipment	197,002	108,506	88,496
Computer software	2,381	2,342	39
Construction projects-in-progress	41,890	-	41,890
	855,865	286,726	569,139
Ancillary assets			
Land	120	-	120
Buildings	344	168	176
Leasehold improvements	721	193	528
Parking lot and lot improvements	2,353	1,477	876
Major equipment	621	123	498
Construction projects-in-progress	145	-	145
	4,304	1,961	2,343
	860,169	288,687	571,482

(tabular amounts in thousands of dollars)

	2025		
	Cost $	**Accumulated amortization $**	**Net book value $**
Operating assets			
Land	42,329	-	42,329
Land improvements	6,340	4,476	1,864
Buildings	127,046	60,082	66,964
Leasehold improvements	326,157	89,876	236,281
Major equipment	169,637	97,183	72,454
Computer software	2,381	2,262	119
Construction projects-in-progress	140,715	-	140,715
	814,605	253,879	560,726
Ancillary assets			
Land	120	-	120
Buildings	344	152	192
Leasehold improvements	721	173	548
Parking lot and lot improvements	2,330	1,383	947
Major equipment	609	46	563
Construction projects-in-progress	110	-	110
	4,234	1,754	2,480
	818,839	255,633	563,206

6 Bank indebtedness

Covenant Health has an unsecured operating line of credit to a maximum of $50,000,000 (2025 – $50,000,000), which was undrawn at March 31, 2026 and March 31, 2025. Interest is charged at prime minus 0.5% (2025 – prime minus 0.5%). Covenant Health has an unsecured facility for obligations to third parties by way of letters of credit and letters of guarantee to a maximum of $20,000,000 (2025 – $20,000,000), of which $314,000 (2025 – $314,000) was outstanding at March 31, 2026. Issuance fee is charged at 0.5% per annum (2025 – 0.5%).

7 Deferred contributions

Deferred contributions represent externally restricted contributions for which the related expense has not been incurred.

(tabular amounts in thousands of dollars)

	2026 $	2025 $
Balance – beginning of year	34,423	32,458
Contributions received during the year	3,402	4,485
Contributions recognized as revenue	(2,730)	(2,511)
Contributions repayable	-	(9)
Balance – end of year	35,095	34,423

The balance at the end of the year is restricted for the following purposes:

	2026 $	2025 $
Research and education	1,775	2,343
Continuing Care capital renewal and maintenance	28,710	27,284
Patient care	4,610	4,796
	35,095	34,423

8 Long-term debt

	2026 $	2025 $
Youville Home mortgage, due May 2032, repayable in monthly instalments of $73 including interest at 5.519%, secured by land and building with a net book value of $19,389	4,654	5,262
St. Therese Villa mortgage, due October 2028, repayable in monthly instalments of $175 including interest at 7.35%, secured by land and building with a net book value of $16,554	9,428	10,780
St. Teresa Place mortgage, due September 2040, repayable in semi-annual instalments of $1,060 including interest at 2.989%, secured by land and building with a net book value of $43,964. Assets are under a capital lease arrangement (note 4) and are not recorded in these financial statements.	24,804	26,153
Evanston Summit mortgage, due March 2041, repayable in semi-annual instalments of $398 including interest at 3.153%, secured by land and building with a net book value of $22,925	9,466	9,953
Killam Health Centre mortgage, due December 2042, repayable in semi-annual instalments of $109 including interest at 3.0035% secured by a leasehold interest over Covenant Health's operating lease with Alberta Health Services and building improvements and equipment with a net book value of $12,813	2,875	3,003
Villa Marie Phase II mortgage, due June 2042, repayable in semi-annual instalments of $237 including interest at 2.915%, secured by land and building with a net book value of $9,510 Assets are under a capital lease arrangement (note 4) and are not recorded in these financial statements.	6,170	6,458

(tabular amounts in thousands of dollars)

Buffalo Grace Manor mortgage, due December 2044, repayable in semi-annual instalments of $460 including interest of 2.691%, secured by land and building with a net book value of $24,992 Assets are under capital lease arrangement (note 4) and are not recorded in these financial statements.	13,622	14,165
Covenant Wellness Community mortgage, due December 2042 repayable in semi-annual instalments of $557 including interest of 3.0035%, secured by land with a net book value of $129,122	14,756	15,413
Covenant Wellness Community loan from Spiritus Vitae Catholic Health Sponsor, a related party (note 22(a)), due December 2027. Accrues interest annually at 3.405% and is unsecured. Full payment, including accrued interest, is due prior to the expiry of the term.	1,342	2,074
Covenant Wellness Community mortgage, due October 2055 repayable in semi-annual instalments of $3,231 including interest of 4.35%, secured by land with a net book value of $129,122	107,700	-
	194,817	93,261
Less: Current portion	12,217	10,798
	182,600	82,463

Covenant Health is subject to certain covenants under long-term debt agreements that, if violated, give the lender the right to demand repayment. Covenant Health is in violation of certain of these covenants including the Youville Home Mortgage, which is therefore presented as a current liability. Repayment has not been demanded and management does not anticipate that the lender will require the loan to be repaid in full within the next twelve months.

Principal repayments over the next five years and thereafter based on the current repayment schedules are approximately as follows:

	$
2027	8,205
2028	14,771
2029	6,443
2030	6,682
2031	6,930
Thereafter	151,786
	194,817

9 Deferred capital contributions

Deferred capital contributions represent externally restricted capital contributions that have not yet been invested in capital assets.

(tabular amounts in thousands of dollars)

	2026 $	2025 $
Balance – beginning of year	-	-
Contributions received during the year	22,520	17,817
Transferred to unamortized external capital contributions (note 10)	(22,520)	(17,817)
Balance – end of year	-	-

10 Unamortized external capital contributions

Unamortized external capital contributions represent externally restricted capital contributions that have been invested in capital assets less amounts that have been amortized to revenue. The contribution is taken into revenue and other income as the related externally funded asset is amortized.

	2026 $	2025 $
Balance – beginning of year	342,918	337,253
Transferred from deferred capital contributions (note 9)	22,520	17,817
Health Shared Services contributed assets (note 15)	10,345	9,137
Alberta Infrastructure contributed assets (note 15)	2,434	1,609
Disposal of external funded capital assets	(77)	(85)
Amortization of externally funded capital assets	(24,888)	(22,813)
Balance – end of year	353,252	342,918

11 Forgivable loan

In 2007, Alberta Health Services advanced a forgivable loan of $7,158,844 to Youville Home. The loan incurs interest at a rate of prime plus 2% and is due on demand. The loan is secured by land and building with a net book value of $19,389,260 (2025 – $18,959,516). As Covenant Health has complied with, and expects to continue complying with, the terms of the agreement, the loan balance has been recorded as an unamortized external capital contribution and is being amortized to revenue on the same basis as the related assets are being amortized. As forgiveness of the balance occurs at the end of each five-year period, any amounts amortized to revenue that have not been forgiven are considered a contingent liability that is not recorded in the accounts.

As at March 31, 2026, the remaining liability of $3,758,393 (2025 – $3,937,364) is recorded in unamortized external capital contributions and $715,884 (2025 – $536,913) is the contingent liability balance. Interest expense of $272,056 (2025 – $349,584) was forgiven for the year ended March 31, 2026.

(tabular amounts in thousands of dollars)

12 Long-term employee benefits

a) Supplementary pension plan

	2026 $	2025 $
Accrued benefit obligation		
Accrued obligation – beginning of year	2,742	2,582
Benefits paid	(45)	(113)
Interest cost	129	127
Actuarial (gain) loss remeasurement	(44)	146
Accrued obligation – end of year	2,782	2,742
Fair value of plan assets	2,782	2,742
Funded status of plan	-	-

Significant actuarial assumptions are as follows:

Discount rate	5.10%	4.70%
Expected age of retirement	Age 60	Age 60
Salary increase	Actual in fiscal 2026; 2.4% thereafter	Actual in fiscal 2025; 3% thereafter

The supplementary pension plan was established in 2007 with service granted from January 1, 2007.

The accrued benefit obligation of $2,782,000 (2025 – $2,742,000) is included in accounts payable and accrued liabilities. Enrolment to this supplementary pension plan was closed on July 1, 2014. Plan members accrued service until December 31, 2016.

On January 1, 2017, Covenant Health offered certain executives, including the plan members above, the opportunity to participate in a Defined Contribution Benefit Plan (DCRP). The DCRP is fully paid by Covenant Health. Contributions for current service are recorded as expenses in the year they become due. In the current year, Covenant Health contributed $334,654 (2025 – $348,259) to the DCRP.

b) Pension expense

Employees of Covenant Health participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Employment Pension Plans Act . The Plan serves about 317,000 people and about 453 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

Contributions for current service are recorded as expenditures in the year in which they become due. In the current year, Covenant Health contributed $41,814,226 to LAPP (2025 – $39,962,286).

(tabular amounts in thousands of dollars)

Covenant Health is required to make current service contributions to the Plan of 7.52% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.32% on pensionable earnings above this amount. Employees of Covenant Health are required to make current service contributions of 6.52% of pensionable salary up to the year's maximum pensionable salary, as defined by Canada Revenue Agency, and 9.32% on pensionable salary above this amount.

At December 31, 2024, LAPP reported a surplus of $19,557,000,000 (December 31, 2023 – $15,057,000,000).

13 Contingencies

Covenant Health has been named as defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of Covenant Health. In accordance with standard provincial requirements, Covenant Health maintains liability insurance coverage. Any costs in excess of Covenant Health's liability insurance on settlement would be recorded as an expense in the period of settlement.

14 Significant agreements

As part of the ongoing healthcare refocusing, on May 16, 2024, the Real Property Governance Act included provisions to transfer ownership of all freehold property owned by Alberta Health Services to Alberta Infrastructure. The properties are expected to be leased back to the health system under similar terms and conditions as the current leases with Alberta Health Services. To date, there have been no changes to Covenant Health lease agreements with Alberta Health Services.

a) Covenant Health is party to various agreements to lease land and buildings for nominal amounts. The lease agreements for twelve sites are with Alberta Health Services and expire in March 2050. Banff Mineral Springs Hospital land is leased from Parks Canada with a 42-year term expiring January 2028 with an option to extend for a further seven years.

b) Covenant Health is party to a Head Lease Agreement on a month-to-month basis with Alberta Health Services to sublease a portion of the Edmonton General site for the operation of an approved continuing care program. Covenant Health will pay as its share of annual operating costs $16.18 (2025 – $15.70) per resident day. During the year, Covenant Health paid Alberta Health Services $2,894,613 (2025 – $2,807,541) for the operating costs of the Edmonton General site. Concurrent with the Head Lease Agreement, Covenant Health entered into a Sublease Agreement on a month-to-month basis to sublease a portion of the Edmonton General site for administrative activities. Covenant Health will pay $35.00 per square metre of occupied storage space. During the year, Covenant Health paid Alberta Health Services $80,543 (2025 – $66,614) relating to storage and administration space. The annual lease commitments under the Head Lease and Sublease Agreements will fluctuate due to changes in the number of resident days and occupied square metres.

(tabular amounts in thousands of dollars)

c) Covenant Health has an operating lease agreement with 112 Campus Ltd. to lease corporate office space. The lease agreement expires in May 2042 with two optional five year extensions. Under the agreement, in addition to lease payments, Covenant Health is responsible for the reimbursement of operating costs including property taxes to 112 Campus Ltd.

The aggregate minimum annual commitments under the operating lease is as follows:

	$
2027	1,030
2028	1,232
2029	1,250
2030	1,250
2031	1,250
Thereafter	16,431
	22,443

d) The Government of Alberta has committed $3,983,000 over six years to Covenant Health for the purpose of funding Palliative and End of Life Care Advanced Care Planning project. Covenant Health has received the total funding of $3,983,000 (2025 - $3,983,000) and, to date, has incurred $3,922,475 (2024 - $3,374,974) in costs.

e) Alberta Health has committed $1,430,000 over five years to Covenant Health for the purpose of funding Palliative and End of Life Care Public Awareness project. Covenant Health has received the total of $1,430,000 (2025 - $1,430,000) and, to the end of the agreement, has incurred $1,430,000 (2025 - $1,208,820) in costs.

15 Contributed assets and services

During the year, Health Shared Services contributed $10,344,780 (2025 – $9,137,324) in kind and Alberta Infrastructure contributed $2,434,111 (2025 - $1,608,815) in kind towards Covenant Health construction projects-in-progress, leasehold improvements and equipment. Minor equipment has been included in revenue and expenses and construction projects-in-progress have been included in capital assets and unamortized external capital contributions. Certain health care facilities, computer equipment and other support services are also provided by Health Shared Services at no charge. The fair value for the use of these services cannot be reasonably determined and has not been included in the financial statements.

16 Budget (unaudited)

The budget was approved on June 20, 2025 by the Board of Directors of Covenant Health.

(tabular amounts in thousands of dollars)

17 Global contributions

	2026 $	2025 $
Global contributions, net of repayments received from:		
Acute Care Alberta	836,836	-
Assisted Living Alberta	98,608	-
Primary Care Alberta	233	-
Alberta Health Services – Regional Health Authority	62,205	891,065
Alberta Health, related to year ended March 31, 2024	-	16,800
Contribution allocated to deferred contributions – continuing care capital renewal and maintenance	(1,567)	(1,556)
	996,315	906,309

18 Fees and charges

Fees and charges include fees for service to non-Alberta residents and out of country patients, and fees charged to residents for continuing care accommodations. These amounts have been reduced by bad debts expense of $3,941,544 (2025 – $4,987,415).

19 Other income

	2026 $	2025 $ (note 28)
Sales and recoveries	6,860	5,061
Other	372	83
	7,232	5,144

20 Administration

	2026 $	2025 $ (note 28)
General administration	24,825	21,040
Human resources	14,249	13,581
Finance	7,497	6,987
Communications	6,265	5,814
	52,836	47,422

(tabular amounts in thousands of dollars)

21 Support services

	2026 $	2025 $ (note 28)
Facility operations	81,186	84,505
Patient food services	36,938	35,624
Housekeeping	27,737	27,329
Ancillary operations	20,010	18,630
Education	18,237	15,068
Materials management	13,656	12,477
Laundry and linen	10,562	9,955
Patient transportation	8,513	8,515
Patient registration	8,057	7,645
Patient health records	5,934	5,871
Volunteer services	1,111	1,095
Emergency preparedness	425	436
	232,366	227,150

22 Related parties

Unless otherwise noted, the following transactions are in the normal course of operations and have been recorded in the financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

a) Spiritus Vitae Catholic Health Sponsor

Spiritus Vitae Catholic Health Sponsor controls Covenant Health through its mandate to appoint the Covenant Health Board of Directors. Spiritus Vitae Catholic Health Sponsor also controls Emmanuel Health, a catholic health organization operating in Saskatchewan, Canada.

Spiritus Vitae Catholic Health Sponsor, by way of its investment in 2656827 Alberta Ltd. participates in Wellness Residential Limited Partnership, a joint venture at the Covenant Wellness Community – Lakewood. During the year, Covenant Health donated land with a net book value of $2,560,000 to Spiritus Vitae Catholic Health Sponsor as contribution by Spiritus Vitae Catholic Health Sponsor into the Wellness Residential Limited Partnership. Covenant Health has also guaranteed 50% of the construction financing of Wellness Residential Limited Partnership. As at March 31, 2026, the amount of $nil (2025 - $nil) is outstanding in the construction loan.

Spiritus Vitae Catholic Health Sponsor, by way of its investment in 2665485 Alberta Ltd. participates in Wellness Commercial Limited Partnership, a joint venture at the Covenant Wellness Community – Lakewood. During the year, Covenant Health donated land with a net book value of $1,290,000 to Spiritus Vitae Catholic Health Sponsor as contribution by Spiritus Vitae Catholic Health Sponsor into the Wellness Commercial Limited Partnership. Covenant Health has also guaranteed 50% of the construction financing of Wellness Commercial Limited Partnership. As at March 31, 2026, the amount of $nil (2025 - $nil) is outstanding in the construction loan.

(tabular amounts in thousands of dollars)

The total land donated of $3,850,000 was recorded at the carrying amount. As this transaction is outside the normal course of operations between related parties, the transfer has been recorded through net assets, with no gain or loss recognized in the statement of operations.

During the year, Spiritus Vitae Catholic Health Sponsor paid grants of $533,000 (2025 – $1,400,000) to Covenant Health which were recorded by Covenant Health as deferred contributions. Spiritus Vitae Catholic Health Sponsor also paid $100,600 (2025 – $100,600) in administrative support to Covenant Health which is recorded as other income and as a salary and benefit recovery. As at March 31, 2026, $8,174,669 (2025 – $113,824) is receivable from Spiritus Vitae Catholic Health Sponsor.

In fiscal 2018, Spiritus Vitae Catholic Health Sponsor advanced a loan of $6,500,000 to Covenant Health. The loan accrues interest at a rate of 3.405% annually and is unsecured. During the year, Covenant Health made principal repayments of $731,748 (2025 – $707,285) and incurred interest expense of $59,261 (2025 – $83,723).

b) Covenant Living

Covenant Living, an entity under common control, received rental payments from Covenant Health of $37,308 (2025 – $39,398).

Effective September 1, 2016, Covenant Living entered into an operating lease with Covenant Health to occupy Evanston Summit, a building with a cost of $32,563,606 and accumulated amortization of $9,638,804 (2025 – $8,523,711) as at March 31, 2026. Monthly payments under the lease are $80,075, which were determined based upon the interest cost to Covenant Health related to its mortgage on the property (note 8). During the year, Covenant Health received $960,901 (2025 – $960,901) in rental income.

Subsequent to year end, on April 1, 2026, Covenant Health entered into a capital lease arrangement with Covenant Living related to the Evanston Summit property. The transaction resulted in the recognition of both a capital lease receivable and a corresponding transfer of property at its net book value of $22,924,802. The capital lease matures March 2057 and is repayable in monthly installments of $96,087 including interest at 3.153%.

As at March 31, 2026, $108,915 (2025 – $80,821) is receivable from Covenant Living.

c) Covenant Care

Covenant Care, an entity under common control, paid administrative support to Covenant Health in the amount of $329,156 (2025 – $314,086) which was recorded as other income in these financial statements and made payments under the capital lease arrangements (note 4). As at March 31, 2026, $2,469 (2025 – $278,110) is receivable from Covenant Care.

In fiscal 2024, Covenant Care entered into a sub-lease agreement with Covenant Health to lease corporate office space. The agreement commenced April 1, 2023, and expires April 30, 2042. Annual payments escalate over the lease term ranging from $111,494 to $141,438.

(tabular amounts in thousands of dollars)

d) Alberta Health Services, Provincial Health Agencies and Corporations

Alberta Health Services had an economic interest in Covenant Health as it held resources in the form of facilities and funding necessary for Covenant Health to operate its healthcare facilities and programs.

As described in note 1, the Government of Alberta refocused healthcare into separate Provincial Health Agencies and Corporations. These Provincial Health Agencies and Corporations now have an economic interest in Covenant Health as they hold resources in the form of funding for Covenant Health to operate its healthcare facilities and programs.

These transactions occur in the normal course of operations. Other transactions are described throughout the financial statements.

	Accounts Receivable		Accounts Payable	
	2026 $	2025 $	2026 $	2025 $
Acute Care Alberta	80,559	-	812	-
Health Shared Services	11,384	-	32,599	-
Assisted Living Alberta	9,172	-	-	-
Primary Care Alberta	233	-	-	-
Recovery Alberta	6	-	-	-
Alberta Health Services – Regional Health Authority	5	24,627	-	30,237
Alberta Health Services – Provincial Health Corporation	-	-	389	-

e) Foundations

Covenant Health has responsibility for appointing the Board of Trustees of various Foundations and, as such, controls the Foundations. These Foundations raise funds to benefit Covenant Health and are registered charities under the Income Tax Act (Canada). The Foundations are not consolidated in these financial statements.

(tabular amounts in thousands of dollars)

The financial summary of the Foundations as at March 31 and for the years then ended is as follows:

	2026			2025		
	Assets $	**Liabilities $**	**Net assets $**	**Assets $**	**Liabilities $**	**Net assets $**
Covenant Foundation	49,765	7,752	42,013	46,698	5,748	40,950
Our Lady of the Rosary Hospital Foundation	735	40	695	787	22	765
St. Mary's Hospital, Camrose Foundation	7,834	71	7,763	7,301	24	7,277
St. Mary's Trochu Foundation	1,804	11	1,793	1,697	11	1,686
Killam & District Health Care Foundation	770	9	761	689	6	683
Bonnyville Health Foundation	2,314	389	1,925	2,424	383	2,041
	63,222	8,272	54,950	59,596	6,194	53,402

	2026			2025		
	Revenue $	**Expenses $**	**Excess (deficiency) $**	**Revenue $**	**Expenses $**	**Excess (deficiency) $**
Covenant Foundation	11,468	10,405	1,063	8,715	5,262	3,453
Our Lady of the Rosary Hospital Foundation	79	149	(70)	77	73	4
St. Mary's Hospital, Camrose Foundation	976	490	486	934	466	468
St. Mary's Trochu Foundation	221	114	107	129	63	66
Killam & District Health Care Foundation	248	169	79	173	66	107
Bonnyville Health Foundation	951	1,067	(116)	1,400	587	813
	13,943	12,394	1,549	11,428	6,517	4,911

(tabular amounts in thousands of dollars)

	2026			2025		
	Cash flows from Operating activities $	**Cash flows from Investing activities $**	**Cash flows from Financing activities $**	**Cash flows from Operating activities $**	**Cash flows from Investing activities $**	**Cash flows from Financing activities $**
Covenant Foundation	(97)	(718)	-	(101)	1,092	-
Our Lady of the Rosary Hospital Foundation	(94)	23	-	(12)	81	-
St. Mary's Hospital, Camrose Foundation	(30)	26	-	(225)	250	-
St. Mary's Trochu Foundation	(62)	4	-	(7)	9	-
Killam & District Health Care Foundation	57	(156)	-	38	(36)	-
Bonnyville Health Foundation	(101)	(33)	-	814	(1,500)	-
	(327)	(854)	-	507	(104)	-

	Contributions received by Covenant Health for the year ended March 31,		**Resources held by Foundation as at March 31, 2026**	
			Endowments, Internally Restricted and donor restricted	**Unrestricted**
	2026 $	**2025 $**	**$**	**$**
Covenant Foundation	5,522	3,020	33,270	8,743
Our Lady of the Rosary Hospital Foundation	112	27	571	124
St. Mary's Hospital Camrose Foundation	410	374	906	6,857
St. Mary's Trochu Foundation	71	19	397	1,396
Killam & District Health Care Foundation	135	44	216	545
Bonnyville Health Foundation	668	222	1,638	287
	6,918	3,706	36,998	17,952

(tabular amounts in thousands of dollars)

Contributions include donor restricted amounts for equipment, programs, research and education:

	Administrative support and office space		Accounts receivable (payable)	
	2026 $	**2025 $**	**2026 $**	**2025 $**
Covenant Foundation	350	328	2,387	2,019
Our Lady of the Rosary Hospital Foundation	7	16	4	-
St. Mary's Hospital, Camrose Foundation	-	20	55	10
St. Mary's Trochu Foundation	-	-	-	-
Killam & District Health Care Foundation	-	-	(3)	-
Bonnyville Health Foundation	-	-	115	32
	357	364	2,558	2,061

23 Supplementary cash flow information

a) Net change in non-cash working capital items:

	2026 $	**2025 $**
Accounts receivable	(86,536)	(2,195)
Inventories	(144)	(192)
Prepaid expenses and deposits	(9,590)	(478)
Accounts payable and accrued liabilities	32,936	16,403
Accrued vacation pay	7,163	1,836
Deferred contributions	672	1,965
	(55,499)	17,339

b) During the year, Covenant Health paid $3,290,323 (2025 – $3,717,018) in interest on long-term debt.

24 Trust funds

Covenant Health receives funds in trust for research and educational program purposes. These amounts are not reported in the financial statements. As at March 31, 2026, the balance of funds held by Covenant Health is $6,238,147 (2025 – $5,238,015).

(tabular amounts in thousands of dollars)

25 Internally restricted net assets

	March 31, 2025 $	Transfers in $	Transfers out $	March 31, 2026 $
Growth and Development Fund	4,525	6,700	-	11,225
Benefit Surplus Fund	3,510	9,706	-	13,216
Ancillary Capital Renewal Fund	1,561	3,400	(73)	4,888
	9,596	19,806	(73)	29,329

26 Government remittances

Government remittances consist of amounts such as sales taxes and payroll withholding taxes required to be paid to government authorities and are recognized when the amounts come due. In respect of government remittances, $8,363,041 (2025 – $7,594,590) is included in accounts payable and accrued liabilities.

27 Financial risks

Credit Risk

Covenant Health is subject to credit risk on certain accounts receivable and our investment portfolio. The credit risk on accounts receivable is low as the majority of balances are due from government agencies. Management has established a provision for receivables, including trade receivables, and assesses it annually to address any new concerns that may arise. Given the nature of Covenant Health's accounts receivable balances, management has assessed that, based on current economic outlook, the change to our expected credit losses is not considered material.

Covenant Health is subject to credit risk on investments and has an established investment policy with required minimum credit quality standards to manage this risk.

Market Risk

Covenant Health is subject to market risk with its investments recorded at fair value. Accordingly, the values of these financial instruments will fluctuate as a result of changes in market prices, market conditions, or factors affecting the fair value of the investments. Should the value of the financial instruments decrease significantly, Covenant Health could incur material losses on disposal of the investments.

Liquidity Risk

Liquidity risk is the risk Covenant Health will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. Covenant Health is exposed to liquidity risk mainly with respect to its accounts payable and accrued liabilities and long-term debt. Refer to note 8 on long-term debt for further details on the aggregate minimum amount of payments. Cash flows from operations provides a substantial portion of Covenant Health's cash requirements. Refer to note 14 for commitments under

(tabular amounts in thousands of dollars)

significant agreements. Short term borrowing to meet financial obligations would be available through established credit facilities as described in note 6.

28 Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

Covenant Health

Schedule of Expenses by Object — Schedule 1

For the year ended March 31, 2026

(in thousands of dollars)

	Budget 2026 $ (Unaudited – note 16)	Actual 2026 $	Actual 2025 $ (note 28)
Salaries and benefits (schedule 2)	855,491	846,617	779,179
Drugs and gases	23,719	20,936	20,968
Medical supplies	62,374	60,580	56,537
Other contracted services	50,873	52,773	48,984
Interest on long-term debt	9,141	5,479	3,855
Other*	100,824	88,504	89,474
Amortization			
Equipment	9,799	12,415	10,348
Facilities and improvements	21,812	21,574	16,795
Gain on disposal of internally funded capital assets	-	(14)	(630)
	1,134,033	1,108,864	1,025,510
*Significant amounts included in Other			
Food and dietary supplies		16,956	15,989
Utilities		14,103	17,857
Housekeeping, laundry and linen, plant maintenance and biomedical engineering supplies		13,155	14,860
Building and grounds expense		11,157	9,641
Equipment expense		6,389	7,076
Building rent		5,599	5,531
Minor equipment purchases		3,350	2,061
Travel		3,079	3,172
Office supplies		3,025	2,988
Insurance		2,974	2,849
Licence, fees, memberships		2,635	1,851
Telecommunications		1,322	1,503
Education		876	610
Other expenses not included in the above		3,884	3,486
		88,504	89,474

Covenant Health

Schedule of Salaries, Honoraria, Benefits, Allowances and Severance — Schedule 2

For the year ended March 31, 2026

(in thousands of dollars)

	2026							2025	
					Severance[5]				
	Number of FTEs[1]	Base salary[2] $	Other cash benefits[3] $	Other non-cash benefits[4] $	Subtotal $	Number of Employees	Amount $	Total $	Number of FTEs[1]	Total $
Board chair										
Spelliscy, Timothy (term started January 2025)	1.0	-	19	-	19	-	-	19	0.3	4
Stelmach, Ed (term ended December 2024)	-	-	-	-	-	-	-	-	0.7	13
Board members										
Hero, Archbishop Stephen (term started January 2026)	0.3	-	-	-	-	-	-	-	-	-
Motiuk, Bishop David (term started June 2025)	0.8	-	-	-	-	-	-	-	-	-
Smith, Archbishop Richard (term ended April 2025)	0.1	-	-	-	-	-	-	-	1.0	-
Anctil-Michalyshyn, Carole	1.0	-	10	1	11	-	-	11	1.0	11
Cullum, Stuart	1.0	-	10	1	11	-	-	11	1.0	11
Dugas, Wendy	1.0	-	10	1	11	-	-	11	1.0	12
Germann, Karl	1.0	-	11	1	12	-	-	12	1.0	15
Hjlesvold, Brian (term started July 2024)	1.0	-	10	-	10	-	-	10	0.8	8
Miller, Colette	1.0	-	10	1	11	-	-	11	1.0	11
Singh, Meghna (term started July 2024)	1.0	-	10	-	10	-	-	10	0.8	8
Shandro, Tyler	1.0	-	11	1	12	-	-	12	1.0	12
Spelliscy, Timothy (term ended December 2024)	-	-	-	-	-	-	-	-	0.7	9
Stelmach, Ed (term started January 2025, term ended December 2025)	0.8	-	7	-	7	-	-	7	0.3	3
Vaasjo, Brian (term started July 2025)	0.8	-	6	-	6	-	-	6	-	-
Yuzwa, Greg	1.0	-	11	-	11	-	-	11	1.0	13
	12.8	-	125	6	131	-	-	131	11.6	130

Covenant Health

Schedule of Salaries, Honoraria, Benefits, Allowances and Severance — Schedule 2

For the year ended March 31, 2026

(in thousands of dollars)

	2026								2025 (note 28)	
						Severance[5]				
	Number of FTEs[1]	Base salary[2] $	Other cash benefits[3] $	Other non-cash benefits[4] $	Subtotal $	Number of Employees	Amount $	Total $	Number of FTEs[1]	Total $
Staff										
Chief Executive Officer	1.0	617	32	219	868	-	-	868	1.0	793
Management persons reporting to CEO										
Chief Administrative Officer	0.9	396	14	114	524	-	-	524	-	-
Chief Financial Officer	0.1	36	2	21	59	-	-	59	1.0	377
Chief Operating Officer	1.0	325	19	90	434	-	-	434	1.0	571
Chief People, Strategy & Technology Officer	1.0	352	13	77	442	-	-	442	1.0	422
Chief Medical Officer	0.8	418	14	82	514	-	-	514	0.8	502
Chief Innovation Officer	0.1	24	-	5	29	-	-	29	1.0	302
Vice President Mental Health & Addictions	0.5	141	8	30	179	-	-	179	-	-
Vice President Mission, Ethics & Spirituality	1.0	267	12	55	334	-	-	334	1.0	317
Vice President Quality & Innovation	1.0	279	12	49	340	-	-	340	1.0	321
Director, Executive Services	1.0	158	-	33	191	-	-	191	0.3	59
Director, Strategic Partnership	1.0	183	-	40	223	-	-	223	1.0	219
General Counsel & Risk Management	1.0	168	-	39	207	-	-	207	1.0	202
	10.4	3,364	126	854	4,344	-	-	4,344	10.1	4,085
Management reporting to CEO direct reports	40.5	7,362	71	1,651	9,084	-	-	9,084	32.1	7,037
Other management	307.4	39,388	407	9,107	48,902	5.0	171	49,073	301.7	47,402
Regulated nurses not included above										
RNs	1,836.1	202,482	41,801	48,801	293,084	2.0	56	293,140	1,768.5	266,497
LPNs	792.4	63,297	10,542	14,064	87,903	1.0	70	87,973	779.5	76,184
Other health technical and professionals	773.0	81,637	4,676	19,759	106,072	-	-	106,072	773.7	102,912
Unregulated health service providers	1,275.0	76,347	16,029	18,042	110,418	-	-	110,418	1,275.9	98,653
Other staff	2,215.3	141,059	11,055	33,562	185,676	24.0	706	186,382	2,130.8	176,279
	7,239.7	611,572	84,581	144,986	841,139	32.0	1,003	842,142	7,062.2	774,964
Total salaries/benefits	7,262.9	614,936	84,832	145,846	845,614	32.0	1,003	846,617	7,083.9	779,179

(in thousands of dollars)

(1) For this schedule, full-time equivalent (FTE) are determined by actual hours earned divided by 2,022.75 annual base hours, except leap years when it is 2,030.50 annual base hours. FTE for Board members are prorated using the number of days in the fiscal year between either the date of appointment and the end of the year, or the beginning of the year and the termination date.

(2) Base salary is regular salary and includes all payments earned related to actual hours earned other than those reported as other cash benefits.

(3) Other cash benefits include, honoraria, acting pay, membership fees, and lump sum payments. Relocation expenses are excluded from compensation disclosure as they are considered to be recruiting costs and not part of compensation unless related to severance. Expense reimbursements are also excluded from compensation disclosure except where the expenses meet the definition of the other cash benefits listed above.

(4) Other non-cash benefits include:

a) Employer's current period benefit cost and other costs of the supplementary pension plan.

b) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental and vision coverage, out of country medical benefits, group life insurance, accidental death and dismemberment insurance, and long and short-term disability plans, Canada Pension Plan, employment insurance, workers' compensation, car allowances and club memberships.

c) Vacation accruals, and

d) Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.

(5) Severance expense includes direct or indirect payments to individuals upon termination which are not included in other cash benefits or other non-cash benefits.

(in thousands of dollars)

	2026		2025			
	Other SPP costs[1] $	**Total $**	**Total $**	**Account balances or accrued benefit obligation March 31, 2026 $**	**Change during the year[2] $**	**Account balances or accrued benefit obligation March 31, 2025 $**
Board direct reports						
Chief Executive Officer	70	70	66	1,501	24	1,477
Management persons reporting to CEO						
Chief Administration Officer	27	27	26	593	15	578
Chief Mission and Ethics Officer	-	-	3	-	-	-
Other members	32	32	32	688	1	687
	129	129	127	2,782	40	2,742

Under the terms of the supplementary pension plan (SPP), certain management may receive supplemental pension payments. Retirement arrangement costs as detailed above are not cash payments in the period but are the period expenses for rights to future compensation. Costs are based on actuarial assumptions described in note 12(a) and reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SPP provides future pension benefits to participants based on years of service and earnings.

(1) Other costs include interest costs on the obligation, and initial obligations.

(2) Changes in the accrued benefit obligation include current service cost, interest accruing on the obligation, the full amount of any actuarial gains or losses in the period, and benefits paid.