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Form **990**
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
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Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047
2016
Open to Public Inspection

A For the 2016 calendar year, or tax year beginning 01-01-2016, and ending 12-31-2016

- B** Check if applicable
 Address change
 Name change
 Initial return
 Final
 Return/terminated
 Amended return
 Application pending

C Name of organization
Covenant Health

Doing business as

Number and street (or P O box if mail is not delivered to street address) Room/suite
1420 Centerpoint Blvd Bldg C

City or town, state or province, country, and ZIP or foreign postal code
Knoxville, TN 379321960

D Employer identification number
62-1646734

E Telephone number
(865) 374-6864

G Gross receipts \$ 136,967,562

F Name and address of principal officer
James D VanderSteeg
100 Ft Sanders W Blvd
Knoxville, TN 37922

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
If "No," attach a list (see instructions)
H(c) Group exemption number ▶

I Tax-exempt status 501(c)(3) 501(c) () ◀ (insert no) 4947(a)(1) or 527

J Website: ▶ www.covenanthealth.com

K Form of organization Corporation Trust Association Other ▶

L Year of formation 1996 **M** State of legal domicile TN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Covenant Health is the parent organization in a community-owned health care system in East Tenn

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	22
4 Number of independent voting members of the governing body (Part VI, line 1b)	16
5 Total number of individuals employed in calendar year 2016 (Part V, line 2a)	1,177
6 Total number of volunteers (estimate if necessary)	1,325
7a Total unrelated business revenue from Part VIII, column (C), line 12	1,338,036
7b Net unrelated business taxable income from Form 990-T, line 34	195,515

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	152,479	188,606
9 Program service revenue (Part VIII, line 2g)	102,518,766	109,945,589
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	31,337,800	17,214,717
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	198,559	218,615
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	134,207,604	127,567,527
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	590,105	500,000
14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	66,922,956	70,128,737
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ▶		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	45,117,011	56,764,192
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	112,630,072	127,392,929
19 Revenue less expenses Subtract line 18 from line 12	21,577,532	174,598

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	1,231,025,759	1,422,118,030
21 Total liabilities (Part X, line 26)	872,791,957	899,719,432
22 Net assets or fund balances Subtract line 21 from line 20	358,233,802	522,398,598

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here *****
Signature of officer _____ Date 2017-11-01
JOHN T GEPPI EVP/CFO
Type or print name and title _____

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶		Phone no	
Firm's address ▶				

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission

Covenant Health operates primarily as a supporting organization within the meaning of Internal Revenue Code section 509(a)(3) Its mission, which is shared by its member hospitals and other organizations (see Schedule A), is to serve the community by improving the quality of life through better health, regardless of a patient's ability to pay

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 37,682,467 including grants of \$) (Revenue \$ 37,682,467)
See Additional Data

4b (Code) (Expenses \$ 14,725,774 including grants of \$) (Revenue \$ 14,725,774)
See Additional Data

4c (Code) (Expenses \$ 9,520,304 including grants of \$) (Revenue \$ 9,520,304)
See Additional Data

(Code) (Expenses \$ 51,210,148 including grants of \$ 500,000) (Revenue \$ 68,472,678)

In addition to the services previously mentioned, support provided by Covenant Health to its member facilities takes on many other forms, some examples of which are * Executive leadership, strategic planning, and other planning both at the system and organizational level, * Financial, management and advisory services * Third party reporting * Integrity compliance program * Real estate management * Risk management * Internal audit * Asset and liability related treasury management functions * Procurement * Clinical quality improvement * Marketing * Human Resources * Centralized management of plant engineering and construction team * External reporting Other services and activities conducted by Covenant Health directly benefit patients and members of the communities served by the Supported Organizations Some services are aimed at improving the operational efficiency of and the quality of care provided by the Supported Organizations, such as the production of sterile packs Covenant Health Sterile Solutions produces surgical sterile packs for distribution to Covenant Health's Supported Organizations The use of custom built Sterile Packs helps reduce surgical pack supply costs, reduce inventory levels, and minimize waste in keeping with the organization's green initiatives Along with those achievements, sterile packs also help reduce setup time, leaving more time for treating patients, and with fewer items to open, reducing the risk of contamination Other centralized services are provided by the Corporate Human Resources division This division is responsible for system-wide programs, policies and procedures, regulatory and legal compliance, and assists with the hiring process for all system employees Other services provided are standardized benefit design and administration, leadership development, succession and continuity, employee relations and retention, and clinical and non-clinical skill development Through the Learning and Leadership Development (LLD) division, Human Resources provides both e-learning and classroom-based courses LLD offers more than 100 clinical nursing courses from both in-house and vendor sourcing It also manages a host of clinical training opportunities including everything from CPR to Advanced Neurological and Neonatal Intensive Care courses Covenant Health also has its own internal "staffing agency", Covenant Staffing Services (CSS), which employs over 69 RNs who help to cover open staffing needs throughout the system Other programs have community benefit as their main goal One example is Covenant Health Senior Services, which assists older adults who are 50 or older in their efforts to lead healthier, more independent lives

4d Other program services (Describe in Schedule O)
(Expenses \$ 51,210,148 including grants of \$ 500,000) (Revenue \$ 68,472,678)

4e Total program service expenses **▶** 113,138,693

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		No
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i> (see instructions)		No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No

Part IV Checklist of Required Schedules (continued)

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include 20a-24d, 25a-25b, 26-27, 28a-28c, 29-31, 32-34, 35a-35b, 36-37, 38.

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Table with columns for question ID, question text, and Yes/No response boxes. Includes sections for backup withholding, employee reporting, foreign accounts, prohibited transactions, and charitable contributions.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O See instructions

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (22), 1b (16), 2, 3, 4, 5, 6, 7a, 7b, 8a, 8b, 9.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 3 columns: Question, Yes, No. Rows include: 10a, 10b, 11a, 11b, 12a, 12b, 12c, 13, 14, 15a, 15b, 16a, 16b.

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed
18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection
19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20 State the name, address, and telephone number of the person who possesses the organization's books and records

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns . . .	1a				
	b Membership dues . . .	1b				
	c Fundraising events . . .	1c				
	d Related organizations	1d	188,606			
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lines 1a-1f \$		54,106			
	h Total. Add lines 1a-1f		188,606			
Program Service Revenue		Business Code				
	2a Management Fees	561000	96,814,968	96,814,968		
	b Transcription Services	561499	7,795,985	6,618,164	1,177,821	
	c Telephone Services	517000	4,630,409	4,630,409		
	d Health Information Admin	561499	586,096	586,096		
	e Community Outreach	621990	91,052	91,052		
	f All other program service revenue		27,079		27,079	
g Total. Add lines 2a-2f		109,945,589				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		21,547,821	21,547,821		
	4 Income from investment of tax-exempt bond proceeds		30,159	30,159		
	5 Royalties					
	6a Gross rents	(i) Real				
		(ii) Personal				
			244,255			
		b Less rental expenses		108,194		
	c Rental income or (loss)		136,061			
	d Net rental income or (loss)		136,061		133,136	2,925
	7a Gross amount from sales of assets other than inventory	(i) Securities				
		(ii) Other				
			649,114			
		b Less cost or other basis and sales expenses		0	5,012,377	
	c Gain or (loss)		649,114	-5,012,377		
	d Net gain or (loss)		-4,363,263			-4,363,263
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
b Less direct expenses	b					
c Net income or (loss) from fundraising events						
9a Gross income from gaming activities See Part IV, line 19	a					
b Less direct expenses	b					
c Net income or (loss) from gaming activities						
10a Gross sales of inventory, less returns and allowances	a					
	b Less cost of goods sold	b	4,362,018			
	c Net income or (loss) from sales of inventory		82,554	82,554		
Miscellaneous Revenue	Business Code					
11a						
b						
c						
d All other revenue						
e Total. Add lines 11a-11d						
12 Total revenue. See Instructions		127,567,527	130,401,223	1,338,036	-4,360,338	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response or note to any line in this Part IX

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.				
1 Grants and other assistance to domestic organizations and domestic governments See Part IV, line 21	500,000	500,000		
2 Grants and other assistance to domestic individuals See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals See Part IV, line 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	8,005,865	6,744,343	1,261,522	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	49,272,829	41,637,092	7,635,737	
8 Pension plan accruals and contributions (include section 401 (k) and 403(b) employer contributions)	3,120,577	2,640,008	480,569	
9 Other employee benefits	5,632,352	4,802,313	830,039	
10 Payroll taxes	4,097,114	3,466,158	630,956	
11 Fees for services (non-employees)				
a Management				
b Legal	1,368,887	653,939	714,948	
c Accounting	268,660		268,660	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	20,500	20,500		
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	5,303,505	4,922,913	380,592	
12 Advertising and promotion	2,201,772	2,201,502	270	
13 Office expenses	7,120,721	6,832,228	288,493	
14 Information technology	17,239,963	17,239,963		
15 Royalties				
16 Occupancy	1,505,838	1,449,785	56,053	
17 Travel	274,499	253,369	21,130	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	866,598	508,909	357,689	
20 Interest	14,419,330	14,419,330		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,646,073	1,235,325	410,748	
23 Insurance	1,072,336	796,498	275,838	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Unrelated Business Inco	43,000		43,000	
b Subscriptions	1,452,366	1,231,435	220,931	
c Dues and Licenses	1,437,071	1,389,769	47,302	
d Bank Fees	315,154	616	314,538	
e All other expenses	207,919	192,698	15,221	
25 Total functional expenses. Add lines 1 through 24e	127,392,929	113,138,693	14,254,236	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part IX

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	2,250	1	2,298
	2 Savings and temporary cash investments	51,481,389	2	62,048,205
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net		4	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	462,094	8	479,112
	9 Prepaid expenses and deferred charges	8,287,830	9	5,951,465
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	72,241,081		
	b Less accumulated depreciation	25,542,839		
	11 Investments—publicly traded securities	1,094,135,579	11	1,242,779,654
	12 Investments—other securities See Part IV, line 11	9,674,950	12	15,592,905
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	35,499,132	15	48,566,149
16 Total assets. Add lines 1 through 15 (must equal line 34)	1,231,025,759	16	1,422,118,030	
Liabilities	17 Accounts payable and accrued expenses	52,852,852	17	55,491,682
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	719,375,379	20	817,577,305
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	100,563,726	25	26,650,445
	26 Total liabilities. Add lines 17 through 25	872,791,957	26	899,719,432
Net Assets or Fund Balances	27 Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. Unrestricted net assets	358,233,802	27	522,398,598
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	30 Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34. Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	358,233,802	33	522,398,598
	34 Total liabilities and net assets/fund balances	1,231,025,759	34	1,422,118,030

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	127,567,527
2	Total expenses (must equal Part IX, column (A), line 25)	2	127,392,929
3	Revenue less expenses Subtract line 2 from line 1	3	174,598
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	358,233,802
5	Net unrealized gains (losses) on investments	5	24,440,340
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	139,549,858
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	522,398,598

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

	Yes	No
<p>1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O</p>		
<p>2a Were the organization's financial statements compiled or reviewed by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis</p>		No
<p>b Were the organization's financial statements audited by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis</p>	Yes	
<p>c If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O</p>	Yes	
<p>3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?</p>		No
<p>b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits</p>		

Additional Data

Software ID:

Software Version:

EIN: 62-1646734

Name: Covenant Health

Form 990 (2016)

Form 990, Part III, Line 4a:

Information Technology See Schedule O for additional details Information Technology Expenses - \$37,682,467, Revenue - \$37,682,467 The Information Technology (IT) division of Covenant Health provides all computing equipment and information management related services to Covenant Health facilities Information management systems and related application support (install, upgrade, help desk) services are available on a 24/7 basis spanning healthcare functions across core patient-care clinical systems, physician, nursing, and associated ancillary systems (lab, radiology, pharmacy, therapy), as well as supporting business functions encompassing patient accounting, materials management, finance, and human resources IT also manages a centralized data center (and a backup disaster recovery data center) where the hardware equipment is housed to deliver the computing resources for all clinical/business functions on a 24/7 schedule Additionally, IT is responsible for management of all PC workstations (desktop, laptop, mobile cart), all client to server internal and external network connectivity, as well as telephone services and telephone equipment (PBX, handsets, cell phones, pagers) across the company It also facilitates project management activities related to meeting regulatory and quality reporting requirements Key statistics for the year include *Payroll checks/deposits - 290,921 *Pharmacy medication mgmt system - 2,232,161 orders *Total spam messages blocked - 6,934,688 *Network access attempts blocked - 2,153,952,000 *PCs supported - 10,035 *Overall telephone usage - 35,485,739 calls *Pathway scheduling application - 703,601 appointments *Accounts payable checks - 137,589

Form 990, Part III, Line 4b:

Business Office See Schedule O for additional details Business Office Expenses - \$14,725,774, Revenue - \$14,725,774 Knoxville Business Office Services is the CBO (Centralized Business Office) for Covenant Health providing accounts receivable management for Fort Sanders Regional Medical Center, Parkwest Medical Center, Fort Loudoun Medical Center, LeConte Medical Center, Methodist Medical Center, Morristown-Hamblen Hospital Association and Roane Medical Center These services include, but are not limited to, customer service, payment collection, financial posting, refund processing, and insurance billing and follow-up During 2016, CBO submitted over 1,054,800 insurance claims totaling in excess of \$3,961,200,000 Bad debt expense for 2016 was approximately 2.0% of gross revenue with bad debt recoveries/collections in excess of \$12,252,200 The CBO handled over 131,400 incoming phone calls, followed-up on over 614,200 open accounts and processed over 3.21 million financial transactions

Form 990, Part III, Line 4c:

Health Information Management See Schedule O for additional details Health Information Management Expenses - \$9,520,304, Revenue - \$9,520,304 The central Health Information Management (HIM) department encompasses all areas of traditional medical records, including transcription, coding, release of information, a 24x7 call center, central scanning, records preparation, regulatory compliance, clinical documentation improvement, and privacy protection Services are provided for acute care hospitals, both inpatient and outpatient, home health, physician offices, and behavioral health The objective of HIM is to provide comprehensive services that are available to all Covenant Health hospitals and facilities on a 24x7 basis This enables the hospitals and facilities to provide more efficient and timely service at less cost In 2016 the HIM department transcribed over 64.5 million lines, scanned over 14.6 million pages, and coded over 2 million records

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors								(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)								
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
James D VanderSteeg President & CEO	50 00 0 00	X		X				1,250,463	0	134,588
Anthony L Spezia CEO - Emeritus	40 00 0 00	X		X				3,938,085	0	60,444
Ed Anderson Director	1 00 0 00	X						1,442	0	0
Gerald Boyd Director	1 00 0 00	X						1,449	0	0
Dr Willard Campbell Director	1 00 0 00	X						0	0	0
Dr Mitchell Dickson Director	1 00 0 00	X						2,060	0	0
Pamela P Fansler Director	1 00 0 00	X						0	0	0
James Fitzsimmons Director	1 00 0 00	X						1,603	0	0
Jim Johnson Jr Director	1 00 0 00	X						0	0	0
Amber Krupacs Director	1 00 0 00	X						0	0	0

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors								(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)								
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Eddie Mannis Director	1 00 0 00	X						0	0	0
Timothy Matthews Director	1 00 0 00	X						2,357	0	0
Larry Mauldin Chairman	1 00 0 00	X						1,254	0	0
Dr Joseph Metcalf Director	1 00 0 00	X						14,546	0	0
Alvin Nance Director	1 00 0 00	X						1,464	0	0
Roger Osborne Director	1 00 0 00	X						1,268	0	0
Carl Storms Director	1 00 0 00	X						1,599	0	0
Joseph E Sutter Director	1 00 0 00	X						1,415	0	0
Richard Swanson Director	1 00 0 00	X						0	0	0
Dr Michael Casey Director	1 00 0 00	X						2,003	0	0

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors									(D)	(E)	(F)
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						Reportable compensation from the organization (W- 2/1099-MISC)	Reportable compensation from related organizations (W- 2/1099-MISC)	Estimated amount of other compensation from the organization and related organizations	
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former				
David C Verble Director	1 00 0 00	X						1,369	0	0	
Homer Fisher Director	1 00 0 00	X						0	0	0	
John T Geppi EVP/CFO	50 00 0 00			X				831,637	0	27,957	
William M Ward SVP-Chief Information Officer	50 00 0 00				X			360,019	0	33,936	
Mark W Browne SVP-Chief Medical Officer	50 00 0 00				X			414,657	0	33,060	
Janice McKinley SVP-Quality, Safety, & Nursing	50 00 0 00				X			325,860	0	25,427	
Michael R Belbeck Jr EVP - Hospital Operations	50 00 0 00				X			501,064	0	35,838	
Lucas D Johnson EVP - Physician Enterprises	50 00 0 00				X			255,715	0	5,751	
Larry R Lassiter President/CAO - Parkwest Med Ctr	1 00 50 00					X		341,570	0	22,270	
Keith N Altshuler President/CAO - Fort Sanders Reg	1 00 50 00					X		403,698	0	35,532	

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Gordon E Lintz President/CAO - Morristown	1 00 50 00					X		324,161	0	19,072
Jeremy H Biggs President/CAO - Methodist	1 00 50 00					X		358,301	0	11,942
Amanda G Halford VP - Care Coordination	50 00 0 00					X		296,591	0	37,936

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service
Name of the organization
Covenant Health

Public Charity Status and Public Support
Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047
2016
Open to Public Inspection

Employer identification number
62-1646734

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 12, check only one box)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ))
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An agricultural research organization described in **170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land grant college of agriculture See instructions Enter the name, city, and state of the college or university _____
- 10 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III)
- 11 An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization
 - f Enter the number of supported organizations 13
 - g Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
See Additional Data Table						
Total	13				0	0

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, 8, or 9 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a)2012	(b)2013	(c)2014	(d)2015	(e)2016	(f)Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grant.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a)2012	(b)2013	(c)2014	(d)2015	(e)2016	(f)Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f))	14	
15 Public support percentage for 2015 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2016. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 33 1/3% support test—2015. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2016. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2015. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►		(a)2012	(b)2013	(c)2014	(d)2015	(e)2016	(f)Total
1	Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2	Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3	Gross receipts from activities that are not an unrelated trade or business under section 513						
4	Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5	The value of services or facilities furnished by a governmental unit to the organization without charge						
6	Total. Add lines 1 through 5						
7a	Amounts included on lines 1, 2, and 3 received from disqualified persons						
b	Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c	Add lines 7a and 7b						
8	Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►		(a)2012	(b)2013	(c)2014	(d)2015	(e)2016	(f)Total
9	Amounts from line 6						
10a	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b	Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c	Add lines 10a and 10b						
11	Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12	Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13	Total support. (Add lines 9, 10c, 11, and 12.)						
14	First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15	Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2015 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from 2015 Schedule A, Part III, line 17	18	
19a	33 1/3% support tests—2016. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
b	33 1/3% support tests—2015. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
20	Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► <input type="checkbox"/>		

Part IV Supporting Organizations

(Complete only if you checked a box on line 12 of Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		No
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		No
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		No
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes" and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		No
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		No
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>	Yes	
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		No
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		No
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		No
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		No
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		No
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer line 10b below.</i>		No
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

		Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?		
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b	A family member of a person described in (a) above?		
c	A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI</i>		
		11a	No
		11b	No
		11c	No

Section B. Type I Supporting Organizations

		Yes	No
1	Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>		
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.</i>		
		1	
		2	

Section C. Type II Supporting Organizations

		Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>		
		1	Yes

Section D. All Type III Supporting Organizations

		Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization (s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>		
3	By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>		
		1	
		2	
		3	

Section E. Type III Functionally-Integrated Supporting Organizations

1	Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions)		
a	<input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b	<input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c	<input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2	Activities Test Answer (a) and (b) below.		
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>		
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>		
3	Parent of Supported Organizations Answer (a) and (b) below.		
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>		
b	Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>		
		2a	
		2b	
		3a	
		3b	

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1** Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income

	(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1	
2 Recoveries of prior-year distributions	2	
3 Other gross income (see instructions)	3	
4 Add lines 1 through 3	4	
5 Depreciation and depletion	5	
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7 Other expenses (see instructions)	7	
8 Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount

	(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1	
a Average monthly value of securities	1a	
b Average monthly cash balances	1b	
c Fair market value of other non-exempt-use assets	1c	
d Total (add lines 1a, 1b, and 1c)	1d	
e Discount claimed for blockage or other factors (explain in detail in Part VI)		
2 Acquisition indebtedness applicable to non-exempt use assets	2	
3 Subtract line 2 from line 1d	3	
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6 Multiply line 5 by .035	6	
7 Recoveries of prior-year distributions	7	
8 Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount

		Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2 Enter 85% of line 1	2	
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4 Enter greater of line 2 or line 3	4	
5 Income tax imposed in prior year	5	
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2016 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2016	(iii) Distributable Amount for 2016
1 Distributable amount for 2016 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2016 (reasonable cause required--see instructions)			
3 Excess distributions carryover, if any, to 2016			
a			
b			
c From 2013.			
d From 2014.			
e From 2015.			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2016 distributable amount			
i Carryover from 2011 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2016 from Section D, line 7			
a Applied to underdistributions of prior years			
b Applied to 2016 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2016, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6 Remaining underdistributions for 2016 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions)			
7 Excess distributions carryover to 2017. Add lines 3j and 4c			
8 Breakdown of line 7			
a			
b Excess from 2013.			
c Excess from 2014.			
d Excess from 2015.			
e Excess from 2016.			

Part VI Supplemental Information.

Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

990 Schedule A, Supplemental Information

Return Reference	Explanation
Part I, Line 11(G)(IV)	Covenant Health is operated or controlled in connection with all of the listed supported organizations, and its articles of organization require that it be operated to support or benefit these organizations. These organizations are referred to in the articles by group and are not named individually. All of the above described organizations are governed by a board of directors with 100% overlap of board membership. Part I, Line 11(g)(v) Covenant Health operates to serve the interests of its member hospitals and the other nonprofit health organizations named in Schedule A, Part I (the "Supported Organizations"). The organization's activities have been discussed in detail on Schedule O in response to Form 990, Part III, Lines 4a thru 4d. Covenant Health may also pay expenses on behalf of, provide operating cash to, or make a grant to one of its Supported Organizations. See Schedule R, Part V for information about transfers to controlled organizations.

990 Schedule A, Supplemental Information

Return Reference	Explanation
Part IV, Section A, Line 1	Supported organizations are designated by class. Articles of Amendment to the Charter of Covenant Health, adopted on June 7, 2004, state that the corporation will "promote and support the interests and purposes of each of the nonprofit corporations for which the Corporation's board of directors serves as the board of directors."

990 Schedule A, Supplemental Information

Return Reference	Explanation
Part IV, Section A, Line 6	Covenant Health makes charitable contributions to organizations for community building activities as these activities seek to address many of the root causes of health problems, such as poverty and homelessness. The activities supported include affordable housing, temporary help with food and shelter, initiatives to boost economic development, leadership development, education, youth mentoring, and programs for at risk individuals.

Schedule A Form 990 of 990-E 2016

Additional Data

Software ID:
Software Version:
EIN: 62-1646734
Name: Covenant Health

Form 990, Sch A, Part I, Line 12g - Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A) Fort Loudoun Medical Ctr	621373691	3		No	0	0
(A) Fort Loudoun Medical Ctr	621373691	3		No	0	0
(A) Fort Sanders Perinatal Ctr	043760551	3		No	0	0
(A) Fort Sanders Perinatal Ctr	043760551	3		No	0	0
(B) Fort Sanders Regional Med Ctr	620528340	3		No	0	0
(B) Fort Sanders Regional Med Ctr	620528340	3		No	0	0
(C) LeConte Medical Ctr	621114867	3		No	0	0
(C) LeConte Medical Ctr	621114867	3		No	0	0
(D) Methodist Medical Ctr	620636239	3		No	0	0
(D) Methodist Medical Ctr	620636239	3		No	0	0
(E) Parkwest Medical Ctr	581897274	3		No	0	0
(E) Parkwest Medical Ctr	581897274	3		No	0	0
(F) Roane County Medical Ctr	680673354	3		No	0	0
(F) Roane County Medical Ctr	680673354	3		No	0	0
(G) Thompson Cancer Survival Ctr	621250943	3		No	0	0
(G) Thompson Cancer Survival Ctr	621250943	3		No	0	0
(H) Covenant Homecare	621623114	10		No	0	0
(H) Covenant Homecare	621623114	10		No	0	0
(I) Thompson Oncology Group	621619239	3		No	0	0
(I) Thompson Oncology Group	621619239	3		No	0	0
(J) Morristown-Hamblen Healthcare System	620545814	3		No	0	0
(J) Morristown-Hamblen Healthcare System	620545814	3		No	0	0
(K) Claiborne Medical Center	464420358	3		No	0	0
(K) Claiborne Medical Center	464420358	3		No	0	0
(L) Cumberland Medical Center	620790132	3		No	0	0
(L) Cumberland Medical Center	620790132	3		No	0	0

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B** Check if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures
(The term "expenditures" means amounts paid or incurred.)

	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over \$500,000	20% of the amount on line 1e
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000
Over \$17,000,000	\$1,000,000

Yes No

4-Year Averaging Period Under section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?	Yes		
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c Media advertisements?		No	
d Mailings to members, legislators, or the public?	Yes		
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		9,460
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities?	Yes		175,924
j Total Add lines 1c through 1i			185,384
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).	2a	
a Current year	2b	
b Carryover from last year	2c	
c Total	3	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	4	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	5	
5 Taxable amount of lobbying and political expenditures (see instructions)		

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, lines 1 and 2 (see instructions), and Part II-B, line 1 Also, complete this part for any additional information

Return Reference	Explanation
Part II-B, Line 1	Covenant Health indirectly conducts lobbying activities through various membership organizations A portion of membership dues paid is included in the amount on Line 1i

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements
▶ Complete if the organization answered "Yes," on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047
2016
Open to Public Inspection

Name of the organization
Covenant Health
Employer identification number
62-1646734

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.
Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

Preservation of land for public use (e g , recreation or education) Preservation of an historically important land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenue included on Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenue included on Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)
- a** Public exhibition
 - b** Scholarly research
 - c** Preservation for future generations
 - d** Loan or exchange programs
 - e** Other
- 4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5** During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b** If "Yes," explain the arrangement in Part XIII and complete the following table
- | | Amount |
|--|--------|
| c Beginning balance | |
| d Additions during the year | |
| e Distributions during the year | |
| f Ending balance | |
- 2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
- b** If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as
- a** Board designated or quasi-endowment ▶
 - b** Permanent endowment ▶
 - c** Temporarily restricted endowment ▶
- The percentages on lines 2a, 2b, and 2c should equal 100%
- 3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- | | | |
|--|------------|-----------|
| (i) unrelated organizations | Yes | No |
| (ii) related organizations | | |
| b If "Yes" on 3a(ii), are the related organizations listed as required on Schedule R? | | |
- 4** Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		9,604,770		9,604,770
b Buildings		22,692,882	5,925,569	16,767,313
c Leasehold improvements		1,253,692	1,163,486	90,206
d Equipment		21,745,118	18,453,784	3,291,334
e Other		16,944,619		16,944,619
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) . . . ▶				46,698,242

Part VII Investments—Other Securities. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other _____		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12)		

Part VIII Investments—Program Related. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 13)		

Part IX Other Assets. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15)	

Part X Other Liabilities. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
Long-Term ASO Agreement	829,725
Long-Term Deferred Compensation	6,379,879
Long-Term Reserve for Malpractice	19,536,361
Long-Term Reserve for Workers Comp	-95,520
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	26,650,445

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1 :			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)		5	

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)		5	

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Return Reference	Explanation
See Additional Data Table	

Additional Data

Software ID:

Software Version:

EIN: 62-1646734

Name: Covenant Health

Supplemental Information

Return Reference	Explanation
Part X, Line 2	Note B to the consolidated audited financial statements of Covenant Health reads in part "Income Taxes Covenant and certain of its subsidiaries or controlled entities are exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code Accordingly, no provision for income taxes on qualifying activities has been made for these entities in the accompanying consolidated financial statements However, certain entities and operations are subject to income taxes (See Note G) Note G reads in part "Covenant had no unrecognized tax benefits at December 31, 2016 and 2015 As such, no interest or penalties were recognized in the Consolidated Statements of Operations and Changes in Net Assets related to unrecognized tax benefits At December 31, 2016, tax returns for 2013 through 2016 are subject to examination by the Internal Revenue Service Covenant has no uncertain tax positions that would require financial statement recognition or disclosure under GAAP at December 31, 2016 or 2015 "

**Schedule I
(Form 990)**

Department of the
Treasury
Internal Revenue Service

**Grants and Other Assistance to Organizations,
Governments and Individuals in the United States**

Complete if the organization answered "Yes," on Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.

▶ Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2016

**Open to Public
Inspection**

Name of the organization
Covenant Health

Employer identification number
62-1646734

Part I

General Information on Grants and Assistance

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
--	---------	-------------------------------	--------------------------	-----------------------------------	---	--	------------------------------------

See Additional Data Table

(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

- 2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ _____ 24
- 3** Enter total number of other organizations listed in the line 1 table ▶ _____ 1

Part III Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" on Form 990, Part IV, line 22
Part III can be duplicated if additional space is needed

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					

Part IV Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
Part I, Line 2	Eligibility and selection criteria for charitable contributions from Covenant Health are determined by a review of a written proposal or similar documentation submitted by the requesting organization. Intended use of funds must be stated or evident in the proposal/documentation. When an organization is approved for a charitable contribution from Covenant Health, a letter specifying how funds must be used in support of the organization's request is sent to the organization. Recipient organizations generally verify use of funds in one or more of the following ways: follow-up reports or newsletters, sponsor acknowledgement at a program or event, itemized receipts, or year-end summaries.

Additional Data

Software ID:
Software Version:
EIN: 62-1646734
Name: Covenant Health

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
American Heart Association 4708 Papermill Road Knoxville, TN 37909	13-5613797	501(c)(3)	10,000				Sponsorship of 2016 Heart Gala
Cancer Support Community Inc 2230 Sutherland Avenue Knoxville, TN 37919	58-1846210	501(c)(3)	16,500				General support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Catholic Charities of East TN 119 Dameron Avenue Knoxville, TN 37917	62-1377551	501(c)(3)	20,000				General support
Dogwood Arts Festival Inc 602 S Gay Street Knoxville, TN 37902	62-6074113	501(c)(3)	20,000				Support for the fitness activities of the Dogwood Arts Festival

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Boys & Girls Club of the TN Valley 220 Carrick Street Ste 318 Knoxville, TN 37921	62-0475743	501(c)(3)	15,450				Drug screenings and general support
Morristown-Hamblen Hospital Foundation 1621 West Morris Blvd Morristown, TN 37813	62-1697090	501(c)(6)	6,200				Fundraisers benefiting Morristown-Hamblen Healthcare System

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Fort Sanders Foundation 280 Ft Sanders West Blvd Ste 202 Knoxville, TN 37922	62-1748601	501(c)(3)	10,000				Fundraisers benefiting Patricia Neal Rehab Center, Peninsula, and the Hope Center
Great Smoky Mtn Council Boy Scouts of America PO Box 51885 Knoxville, TN 37950	62-0476811	501(c)(3)	7,500				Support for 2016 Friends of Scouting Campaign

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Honor Air Knoxville 7536 Taggart Lane Knoxville, TN 37938	26-2825063	501(c)(3)	20,000				Support for flights for veterans to visit Washington, D C war memorials
Innovation Valley Inc 17 Market Square 201 Knoxville, TN 37902	26-2087582	501(c)(3)	60,000				Support for regional economic development

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Joni and Friends Ministry 410 S Northshore Drive Knoxville, TN 37919	62-1458199	501(c)(3)	10,000				General support
Knoxville Academy of Medicine 115 Suburban Road Knoxville, TN 37923	62-1458199	501(c)(3)	10,000				General support General support fundraising

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Knoxville Medical Missions Foundation 1932 Historic Ferry Way Knoxville, TN 37922	30-0197352	501(c)(3)	10,000				General support
Knoxville Mercury PO Box 43 Knoxville, TN 37901	47-3048798	501(c)(3)	8,500				Legacy Park support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Knoxville Track Club PO Box 53442 Knoxville, TN 37950	62-0731345	501(c)(3)	50,000				General support Covenant Health Marathon
Komen Knoxville Race for Cure 318 Nancy Lynn Lane 13 Knoxville, TN 37919	75-1835298	501(c)(3)	12,000				Race sponsor for organization supporting breast cancer research and awareness

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Leadership Knoxville 17 Market Square 201 Knoxville, TN 37902	62-1212211	501(c)(3)	11,000				General support
Robert F Thomas Foundation PO Box 4395 Sevierville, TN 37864	58-1537582	501(c)(3)	8,000				Fundraisers to benefit LeConte Medical Center

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Thompson Cancer Survival Center Foundation 1915 White Avenue Knoxville, TN 37916	58-2130450	501(c)(3)	9,200				Fundraisers to benefit Thompson Cancer Survival Center
United Way of Greater Knoxville 1301 Hannah Ave Knoxville, TN 37921	62-0475748	501(c)(3)	46,000				Support of the Interfaith Health Clinic, general support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Variety Children's Charity of East TN 7132 Regal Lane Knoxville, TN 37918	33-1025696	501(c)(3)	20,000				Support of programs for special needs children
W C Two 2351 Dandridge Avenue Knoxville, TN 37915	62-1845117	501(c)(3)	10,000				General support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
St Mary's Legacy Clinic 805 S Northshore Drive Knoxville, TN 379197551	46-2331706	501(c)(3)	20,000				General support
Sacred Heart Church 711 S Northshore Drive Knoxville, TN 37919	62-0572260	501(c)(3)	10,000				Support for medical mission trip

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
East Tennessee Children's Hospital PO Box 15101 Knoxville, TN 37901	62-6002604	501(c)(3)	5,450				General support

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

OMB No 1545-0047

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
 ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
 ▶ Attach to Form 990.

2015
Open to Public Inspection

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization Covenant Health	Employer identification number 62-1646734
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Part I Questions Regarding Compensation

	Yes	No								
<p>1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</p> <table border="0"> <tr> <td><input type="checkbox"/> First-class or charter travel</td> <td><input type="checkbox"/> Housing allowance or residence for personal use</td> </tr> <tr> <td><input type="checkbox"/> Travel for companions</td> <td><input type="checkbox"/> Payments for business use of personal residence</td> </tr> <tr> <td><input type="checkbox"/> Tax indemnification and gross-up payments</td> <td><input type="checkbox"/> Health or social club dues or initiation fees</td> </tr> <tr> <td><input type="checkbox"/> Discretionary spending account</td> <td><input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)</td> </tr> </table>	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use	<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence	<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use									
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence									
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees									
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)									
<p>b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.</p>	1b	Yes								
<p>2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</p>	2	Yes								
<p>3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</p> <table border="0"> <tr> <td><input type="checkbox"/> Compensation committee</td> <td><input type="checkbox"/> Written employment contract</td> </tr> <tr> <td><input type="checkbox"/> Independent compensation consultant</td> <td><input type="checkbox"/> Compensation survey or study</td> </tr> <tr> <td><input type="checkbox"/> Form 990 of other organizations</td> <td><input type="checkbox"/> Approval by the board or compensation committee</td> </tr> </table>	<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract	<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study	<input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Approval by the board or compensation committee				
<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract									
<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study									
<input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Approval by the board or compensation committee									
<p>4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:</p>										
<p>a Receive a severance payment or change-of-control payment?</p>	4a	No								
<p>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p>	4b	Yes								
<p>c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.</p>	4c	No								
<p>Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.</p>										
<p>5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</p>										
<p>a The organization?</p>	5a	No								
<p>b Any related organization? If "Yes," on line 5a or 5b, describe in Part III.</p>	5b	No								
<p>6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</p>										
<p>a The organization?</p>	6a	No								
<p>b Any related organization? If "Yes," on line 6a or 6b, describe in Part III.</p>	6b	No								
<p>7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.</p>	7	No								
<p>8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.</p>	8	No								
<p>9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>	9									

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column(B) reported as deferred on prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Return Reference	Explanation
Part I, Line 1a	Officers and Board members attending official Board retreats are offered a discretionary spending allowance that may be used for incidental spending and/or companion travel. The allowance is treated as taxable compensation to the recipient. Tax gross-up payments related to deferred compensation and reimbursement of fees for personal services for legal and financial planning are provided to certain executives and managers. These are treated as taxable compensation to the recipients. In addition, Board members receive tax indemnification payments related to reportable compensation from the spending allowances. These are treated as taxable compensation to the recipients.
Part I, Line 4b	Anthony Spezia was a participant in two nonqualified deferred compensation plans, which are referred to as Plan A and Plan B. In 2011 Mr. Spezia vested in Plan A, and the accumulated balance as of August 1, 2011 was included in his 2011 taxable income. An Amendment to Plan A was adopted effective August 1, 2011 which terminated further accruals (contributions) to the plan. However, the Amendment allowed the accrual of interest on undistributed amounts which were subject to risk of forfeiture until such time as indicated in the Amendment. Interest earned by Plan A during 2016 was \$67,140 and is not required to be reported in compensation in Part II as Mr. Spezia is not vested in the 2016 earnings on Plan A. However, in 2016 Mr. Spezia vested in the Plan A previously untaxed earnings accumulated after July 31, 2011 through 2015. The total amount of \$352,567 has been reported in Col. B(III) of Schedule J, Part II as it became fully vested and taxable in 2016. Plan B was established in 2011. Employer contributions to Plan B during 2016 totalled \$34,000, which is reported in Col. C of Schedule J, Part II. Interest earned by Plan B during 2016 was \$67,349 and is not required to be reported in compensation in Part II as Mr. Spezia is not vested in the 2016 additions to Plan B. However, in 2016 he vested in the employer contributions and earnings that occurred from 2011 through 2015, for Plan B. The total amount of \$1,190,535 has been reported in Col. B(III) of Schedule J, Part II as it became fully vested and taxable in 2016. James VanderSteege was a participant in a nonqualified deferred compensation plan, which will be referred to as Plan A. Plan A was established in 2016. Employer contributions to Plan A during 2016 totalled \$101,250, which is reported in Col. C of Schedule J, Part II. Interest earned by Plan A during 2016 of \$2,349 is not required to be reported in compensation in Part II, as Mr. VanderSteege is not vested in Plan A.

Schedule K (Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047
2016
Open to Public Inspection

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.**
▶ **Attach to Form 990.**
▶ **Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.**

Department of the Treasury
Internal Revenue Service
Name of the organization
Covenant Health

Employer identification number
62-1646734

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A Health Educ & Housing Facil Brd of Knox Co	62-1220275	499523UUO	12-20-2006	46,245,448	See Part VI	X			X		X
B Health Educ & Housing Facil Brd of Knox Co	62-1220275	noneavail	03-17-2014	101,740,000	See Part VI		X		X		X
C Health Educ & Housing Facil Brd of Knox Co	62-1220275	noneavail	09-15-2011	135,500,000	See Part VI		X		X		X
D Health Educ & Housing Facil Brd of Knox Co	62-1220275	noneavail	09-15-2011	125,000,000	See Part VI		X		X		X

Part II Proceeds

		A	B	C	D				
1	Amount of bonds retired	1,045,000	1,400,000						
2	Amount of bonds legally defeased								
3	Total proceeds of issue	48,898,371	101,740,000	138,415,657	125,000,000				
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	506,941							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	24,636,429		102,915,657					
11	Other spent proceeds	23,755,001	101,740,000	35,500,000	125,000,000				
12	Other unspent proceeds								
13	Year of substantial completion	2010		2006		2013		2010	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X		X		
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?	X		X		X			
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X		X			
c Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6 Total of lines 4 and 5								
7 Does the bond issue meet the private security or payment test?		X		X		X		
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X			

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?	X			X		X		X
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?				X		X		X
b Exception to rebate?			X			X	X	
c No rebate due?				X	X			X
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?		X	X		X		X	
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

Part IV Arbitrage (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7 Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
SCHEDULE K, PART, COLUMN F	As there are eight bond issues to be presented on Schedule K, there is an additional Schedule K included Bond Issues - description of purpose The Series 2006A Bonds described on Line A of Part 1 had been currently refunded (but not legally defeased) as of the end of the fiscal year and were paid in full on January 1, 2017 The Series 2011A and 2011B Bonds described on Line B of Part 1 were issued for the conversion of bonds issued on March 24, 2011 which had partially refunded bonds issued on December 12, 2002 The Series 2011C Revenue Note described on Line C of Part 1 refunded \$35,500,000 of the variable rate bonds issued on December 20, 2006 All other proceeds were designated to build a replacement hospital in Roane County and for various facility and equipment improvements and additions at other facilities Rebate computation was performed in February, 2016 The Series 2006B1-B3 Bonds described on Line D of Part 1 relate to the conversion of a portion of the variable rate bonds issued on December 20, 2006 The Series 2012A and 2012B Bonds described on Line A of Part 1 were issued to refund capital appreciation bonds and capital interest bonds issued on December 12, 2002 The Series 2014A Bonds described on Line B of Part 1 was a refinancing of Cumberland Medical Center (CMC) debt which was acquired through the acquisition of CMC on February 1, 2014 The Series 2016A Bonds described on Line C of Part 1 were issued to refund capital appreciation bonds issued December 20, 2006 and auction rate securities issued December 12, 2002 All other proceeds were designated for expansion projects at Fort Sanders Regional Medical Center and Parkwest Medical Center and for various facility and equipment improvements and additions at other facilities Part III 5 - Private business use percentage on new projects is not yet available The Series 2016B Bonds described on Line D of Part 1 refunded auction rate securities issued December 12, 2002

Schedule K (Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2016

Open to Public Inspection

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.**
 ▶ **Attach to Form 990.**
 ▶ **Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.**

Department of the Treasury
 Internal Revenue Service
 Name of the organization
 Covenant Health

Employer identification number
 62-1646734

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Health Educ & Housing Facil Brd of Knox Co	62-1220275	499527BM0	12-13-2012	161,291,013	See Part VI		X		X		X
B	Health Educ & Housing Facil Brd of Knox Co	62-1220275	noneavail	07-30-2014	38,665,750	See Part VI		X		X		X
C	Health Educ & Housing Facil Brd of Knox Co	62-1220275	499527CH0	11-10-2016	207,742,114			X		X		X
D	Health Educ & Housing Facil Brd of Knox Co	62-1220275	noneavail	11-01-2016	74,000,000			X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	12,300,000		4,439,000					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	161,291,013		38,665,750		207,770,641		74,000,000	
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows					73,711,236			
7	Issuance costs from proceeds	1,291,494				953,741			
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	159,999,519		38,665,750		13,075,000		74,000,000	
12	Other unspent proceeds					120,030,664			
13	Year of substantial completion	2006		2006				2006	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?							
		X		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?							
		X		X				

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?	X		X					
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X					
c Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6 Total of lines 4 and 5								
7 Does the bond issue meet the private security or payment test?		X		X				
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X					

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		X		X		X		X
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?		X		X	X			X
b Exception to rebate?	X		X			X	X	
c No rebate due?		X		X		X		X
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?	X		X			X	X	
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

Part IV Arbitrage (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7 Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.

Attach to Form 990 or Form 990-EZ.

Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

2016

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization Covenant Health

Employer identification number

62-1646734

Part I Excess Benefit Transactions (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only)

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

Table with 5 columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No)

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 \$
3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization \$

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

Table with 9 columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization? (To/From), (e) Original principal amount, (f) Balance due, (g) In default? (Yes/No), (h) Approved by board or committee? (Yes/No), (i) Written agreement? (Yes/No)

Total \$

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

Table with 5 columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) First Tennessee Bank	Independent contractor	154,130	Investment management		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation

**SCHEDULE M
(Form 990)**

Noncash Contributions

OMB No 1545-0047

2016

▶ **Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.**
▶ **Attach to Form 990.**

▶ **Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990**

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
Covenant Health

Employer identification number
62-1646734

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art	X	46	14,055	Retail value, expert
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods	X		18,993	Various
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory	X	2	1,682	Retail value
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (Gift cards)	X	66	18,986	Retail or face value
26 Other ▶ (Auction Items)	X	1	260	Retail or face value
27 Other ▶ (_____)				
28 Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29	
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30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

	Yes	No
30a		No
31		No
32a		No

b If "Yes," describe the arrangement in Part II

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

b If "Yes," describe in Part II

33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

Part II**Supplemental Information.**

Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Return Reference

Explanation

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
~~Internal Revenue Service~~

Name of the organization
Covenant Health

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2016

Open to Public Inspection

Employer identification number

62-1646734

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	<p>2016 Report to the Community Covenant Health is a comprehensive, community-owned, not-for-profit health system serving 23 counties in East Tennessee. Nine acute care hospitals located in Knoxville and surrounding areas comprise the foundation of the health system. Additional outpatient and specialty care departments are located throughout the region providing diagnostic and surgery services, mental health and cancer treatments, and therapy and home health services. Over 10,000 employees and 1,500 affiliated physicians are dedicated to improving the quality of life for the more than one million patients and families served each year. Established in 1996, Covenant Health is celebrating 20 years of service and accomplishment. Recognized for excellence in many areas - quality of care, integrity of operations, financial strength, expertise and dedication of physicians, employees and volunteers, it continues a legacy of reinvestment in the counties where the facilities are located and dedication to improving the quality of life through better health for our patients and community. Covenant Health Board members and administrative leaders serve our communities through strategic planning and successful operation of these member organizations. Hospitals: Claiborne Medical Center, Cumberland Medical Center, Fort Loudoun Medical Center, Fort Sanders Regional Medical Center, LeConte Medical Center, Methodist Medical Center of Oak Ridge, Morristown-Hamblen Healthcare System, Parkwest Medical Center, Peninsula Hospital, a division of Parkwest Medical Center, Roane County Medical Center, Outpatient and Specialty Care, Covenant HomeCare and Hospice, Covenant and Methodist Therapy Centers, Fort Sanders West Diagnostic Center, Fort Sanders West Outpatient Surgery Center, Morristown Regional Diagnostic Center, Patricia Neal Rehabilitation Center, Peninsula Outpatient Centers, Thompson Cancer Survival Centers, Covenant Breast Centers, Covenant Joint Centers, Covenant Sleep Centers, Claiborne Nursing Home, Fort Sanders Sevier Nursing Home, Physician Services, Covenant Medical Group, Inc. Covenant Health is also a partner in joint ventures with physicians that provide surgical and other services. Other Programs and Services: Fortress Corporation, Fort Sanders Health and Fitness Center, Nanny's Nursery, Covenant Staffing Services, Tennessee Wesleyan University - Fort Sanders Nursing Foundations, Fort Sanders Foundation, Methodist Medical Center Foundation, Morristown-Hamblen Hospital Foundation, Thompson Cancer Survival Center Foundation. Introducing Covenant Health's Executive Leadership Team. "Continuing the Legacy" is the theme of the 2016 annual report, recognizing both the 20th anniversary of Covenant Health and an executive leadership transition for the health system. In November 2015, Anthony L. (Tony) Spezia announced that he would transition from president and CEO of Covenant Health to CEO Emeritus. Jim VanderSteege was named as his successor, effective April 1, 2016. Spezia served as president and</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	<p>CEO of Covenant Health for more than 15 years. During that time he oversaw the health system's geographic expansion, the addition of new member hospitals investment of more \$1.2 billion in facilities, technology and services, and growth in the number of employees and affiliated physicians. Spezia now focuses his efforts on the healthcare industry, legislative issues and public policy initiatives. Jim VanderSteeg joined Covenant Health in 2007 after nearly 20 years in administrative and executive leadership roles at Baptist Memorial Healthcare Corp., a healthcare delivery system with 13 hospitals in Tennessee and Mississippi. He is "continuing the legacy," focusing on the health system's vision of putting the patient first, the highest standards of excellence, and assuring that Covenant Health is the first and best choice for healthcare services in our communities. With VanderSteeg as CEO, Covenant's new Executive Leadership Team includes John Geppi, who continues to serve as the organization's executive vice president and chief financial officer. Geppi has been with Covenant Health since 2000. He has been named to a national list of "Hospital and Health System CFOs to Know" and was named the area's CFO of the Year by FEI and the Greater Knoxville Business Journal in 2012. Mike Belbeck, executive vice president of operations, who previously served as president and chief administrative officer of Methodist Medical Center of Oak Ridge. He joined Covenant Health in 2007. Luke Johnson joined the health system in April 2016 as executive vice president, physician enterprise/ambulatory services. Johnson has leadership responsibilities for Thompson Cancer Survival Center, ambulatory retail and urgent care services, physician engagement and alignment strategies, and Covenant Medical Group, along with all other employed physician enterprises. Patient Care Highlights Patient Care Summary Population of 23-County Service Area 1,427,213 (2010 Census) 2013 2014 2015 Admissions 58,411 67,235 68,193 (Excludes nursing home) Inpatient surgeries 15,669 16,908 16,585 Outpatient Surgeries 27,042 29,644 29,265 ED Visits 275,259 317,575 328,360 Outpatient Visits 960,128 1,040,593 1,061,082 Physician Office Visits 489,056 499,881 548,210 Covenant Health Named Among "America's Best Employers" Covenant Health was one of only 44 hospitals and health systems named to the Forbes 2016 list of "America's Best Employers." This year's lists included a total of 750 large and mid-size U.S. businesses of all types. In the list of 250 mid-size companies, Covenant was listed seventh among hospitals and health organizations and 50th in the overall list. It was the only healthcare organization in East Tennessee to be included in the list. Forbes partnered with statistics firm Statista to compile data from a survey of more than 30,000 U.S. employees. Survey participants were asked if they would recommend their employer to a potential new hire, and they were asked their views about other</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	companies in their industry Employees were contacted anonymously online without the involvement of their employers, and respondents represented the U S workforce by gender, age, region, education, and ethnicity Covenant Health has a broad-based approach to being an employer of choice It is nationally recognized for organizational ethics and offers many opportunities for leadership development and professional advancement In addition, the employee recognition programs celebrate individual performance, team collaboration and best practices These attributes help create an outstanding work environment

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	<p>New Nurse Residency Program Supports School-to-Work Transition for Recent Grads Program Re ceives \$15,000 Grant in First Year of Operation Covenant Health implemented a nurse reside ncy program to support newly graduated nurses as they transition into new responsibilities in a fast-paced hospital environment Covenant adopted the Vizient/AACN Nurse Residency P rogram, used by more than 200 hospitals and health systems nationwide The program emphasi zes evidence-based practices and is designed to empower new nurses with increased competen ce, more confident decision making, stronger leadership and critical-thinking skills, and greater work satisfaction Hospitals that have implemented the program have seen reduction s in nursing turnover and a positive impact on patient safety and quality of care It is i mportant for new nursing graduates to have a group of peers and mentors who assist them in enhancing their skills and becoming comfortable with the challenges of practice The posi tive clinical outcomes helps not only the participating nurses, but also patients The new initiative recently received a \$15,000 grant from The Promise of Nursing for Tennessee Nu rsing School Grant Program administered by the Foundation of the National Student Nurses' Association Funds for the grant program were contributed by several hospitals and health care agencies in the Tennessee area, by Johnson & Johnson, and by national companies with an interest in supporting nursing education, and were raised at a gala event sponsored by Johnson & Johnson Covenant Health Partners with LMU in New Medical Student Program Covena nt Health has launched a medical student program in partnership with DeBusk College of Ost eopathic Medicine at Lincoln Memorial University in Harrogate, Tennessee The medical stud ent program provides clinical experiences for aspiring physicians and mid-level providers Students are assigned to one of several participating Covenant Health hospitals for their clinical training They may also participate in elective experiences at other Covenant fa cilities in specialty areas such as primary care, neurology, perinatology, radiology, and orthopedics Working under the direct supervision of physicians, students interview and ex amine patients, review clinical information, make hospital rounds, participate in interdis ciplinary team meetings, practice appropriate documentation, and perform procedures There is a shortage of medical professionals in the area, and the medical student program helps address the need Convenient Care for Downtown Knoxville Knoxvilleians who work or live do wntown now have a convenient location to receive medical care when they need it In early 2016 Covenant Health opened Convenient Care Downtown, a clinic designed to meet the immedi ate medical needs of downtown employees, residents and visitors Located in the Phoenix Bu ilding at 418 South Gay Street, Convenient Care Downtown offers treatment for minor illnes ses and injuries such as cold,</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	<p>allergies, and sprains Sports and camp physicals are available, as well as flu shots and new-hire drug screenings No appointment is needed and most insurance plans are accepted With the new clinic Covenant Health is able to offer quality walk-in care for people who live, work, and visit downtown Covenant Health Solutions Covenant Health works with local businesses and organizations to develop strategies and programs for improving their employees' health 2016 Summary * 10 business clients, comprising approximately 750 employees * Worksite clinics at Jewelry Television and Sevier County Wellness Clinic * Services offered biometric screenings, health risk assessments and personal health reports, aggregate health analysis, newsletters, educational and diabetes classes, weight loss programs, health coaching Clinical Accomplishments In addition to its nine acute care hospitals, Covenant Health provides services including Covenant HomeCare, inpatient and outpatient behavioral care through Peninsula, a division of Parkwest Medical Center, a comprehensive system-wide cancer network, and rehabilitation/therapy services Fort Sanders Regional Medical Center is the hub of Covenant's stroke hospital network The medical center is an accredited Stroke Center of Excellence and also is home to the Patricia Neal Rehabilitation Center These programs and others assure that all aspects of a patient's healthcare needs can be met in Knoxville and surrounding communities, and patients do not have to leave the area to find specialized services Major service lines include cardiology, inpatient medicine, neuro/stroke, oncology, and orthopedics/spine services Each service line has active leadership and participation from the medical staff, and we cooperatively focus on patient-centered, quality care and the development of new programs and initiatives to serve our communities Service Line Summary Cardiac - Covenant Health was the first area health system to pioneer TAVR (pronounced "Tav-R"), a minimally invasive treatment for a life-threatening heart condition called aortic stenosis The program continues to improve patient outcomes and decrease length of hospital stay for TAVR patients The cardiac service line also is implementing new technologies such as mitraclip (non-surgical heart valve repair) and subcutaneous implantable defibrillators (heart rhythm defibrillators that are implanted under the skin) at selected facilities Inpatient Medicine - Covenant Health has aggressive initiatives underway throughout the system to exceed national standards for eliminating infections that can be acquired in healthcare settings Covenant's goal is "zero harm and the highest standards of patient safety Neuro/Stroke - Covenant Health has increased appropriate use of tPA ("clot-busting" medication) for stroke patients in emergency rooms at hospitals throughout the surrounding area (both Covenant and non-Covenant facilities) "Code Stroke" rapid response teams are in place</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	<p>throughout the health system to assure that patients receive the fastest evaluations and advanced treatment when a stroke occurs</p> <p>Oncology - Many Covenant Health breast centers now offer 3D mammography (tomosynthesis), which allows the radiologist to better detect smaller cancers, even in women with dense breast tissue. Covenant Health also has implemented low-dose CT lung cancer screening at several facilities. The process uses lower levels of radiation while identifying lung cancer earlier among patients at high risk for the disease. Oncology services also has expanded its nurse navigation program, which assigns an oncology nursing professional to each cancer patient. The nurse navigator provides clinical information and coordination of medical and community resources to support cancer patients and their families.</p> <p>Orthopedic - Covenant Health facilities have reduced incidences of surgical site infections and post-surgery readmission rates for hip and knee procedures. This service line also has a special focus on excellence in spine surgery. Covenant Health continually seeks feedback from patients regarding their hospital experiences and focuses on patient satisfaction and perception of overall quality of care. More than 95 percent of patients rate their outpatient and outpatient surgery experiences as "very good" or "excellent." The health system has recently established multiple Patient/Family Partnership Councils, bringing former patients and staff members together to determine ways to enhance patients' overall care experience.</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	<p>From Our Member Organizations In 2016 the S&P Global Ratings raised the long-term rating and underlying rating to "A" from "A-" on the health system's series 2006A-1, 2011C and 2012A bonds and assigned an "A" rating to the system's 2016A bonds. Ratings services assign bond ratings based on an organization's financial strength and performance outlook. The 'A' rating from S&P Global gives Covenant Health the highest bond rating among healthcare organizations in the East Tennessee area. A higher bond rating enables Covenant to fund facility expansions or major projects at continued lower interest rates and overall cost of capital, enhancing the health system's ability to provide excellent care. Covenant Health selected Cerner, a worldwide provider of health information technologies, to provide a comprehensive suite of integrated solutions to support Covenant's clinical, financial and population health management initiatives. The implementation will include initiatives such as an upgraded electronic health record, a revenue cycle platform, clinical support systems and an expanded patient portal. Cerner's IT solutions will support Covenant Health as it continues to improve patient outcomes and population health, and positively impact the quality of life in our communities. Covenant Homecare has earned four-star quality ratings based on outcome measures and patient satisfaction data collected by the Centers for Medicare and Medicaid Services (CMS). Covenant Hospice has received Level II designation in We Honor Veterans, a national awareness action campaign that encourages partnerships between community hospices, state hospice organizations and VA facilities for veterans' end-of-life care. Claiborne Medical Center has continued to upgrade facilities in 2016. A major project included the purchase of new nuclear medicine equipment to perform both general and cardiac nuclear medicine testing. The renovation also included the development of a "hot lab" (where radioactive diagnostic tracers are prepared) and reorganized other areas for improved patient flow. Other facility upgrades included purchase of new pulmonary function equipment for the respiratory department and installation of exterior signage using the hospital's new logo and Covenant Health branding. Cumberland Medical Center opened its new \$6.3 million Emergency Department in early October. The hospital also welcomed its first full-time interventional cardiologist, enabling the hospital to offer expanded cardiology services. Fort Sanders Regional Medical Center's cardiology department received the 2016 American College of Cardiology Foundation's NCDR ACTION Registry - 2016 GWTG Gold Plus Performance Achievement Award with Honor Roll status for Elite Stroke Care. The award honors hospitals that have maintained a 90% or better performance of care guidelines for eight consecutive quarters. Fort Sanders has been recertified by The Joint Commission as a Comprehensive Stroke Center. The stroke program's</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	<p>capabilities and outreach efforts were expanded by the addition of neurohospitalists to the medical staff Fort Sanders Regional was recognized in Becker's Hospital Review as one of "100 Hospitals and Health Systems with Great Oncology Programs " Hospital renovations included a new 5,000-square-foot cardiac and pulmonary rehab facility, a new hybrid operating room and in-hospital MRI LeConte Medical Center was included on the 2016 list of "100 Great Community Hospitals" in the U S compiled by Becker's Hospital Review The Becker's editorial team selected community hospitals around the country based on rankings and awards from a variety of healthcare organizations, including iVantage Health Analytics, Truven Health Analytics, Healthgrades, CareChex, the American Nurses Credentialing Center and the Leapfrog Group Methodist Medical Center piloted the health system's new low-dose CT screening for those at high risk for lung cancer Studies have shown that early detection through yearly low-dose CT lung screenings can lower the risk of death from lung cancer by 20 percent among people who are at high risk Without LDCT screening, lung cancer is usually not found until a person develops symptoms Parkwest Medical Center was ranked by the Tennessee Hospital Association as number one in our region and second in the state in 2016 for number of joint replacements performed The medical center also became certified as a NIC HE hospital, recognizing its capabilities in providing care for elderly patients Peninsula, the behavioral health division of Parkwest Medical Center, received the Optum ACE Award for clinical excellence in 2016 The organization has designated a staff member as a liaison with Knox Area Rescue Ministries (KARM) to assist with patient transitions and follow-up Community Outreach Covenant Health Knoxville Marathon Celebrates 12th Year Nearly 8,000 runners took to the streets of Knoxville on April 2 and 3, 2016, for the 12th annual Covenant Health Knoxville Marathon The two-day event included the Covenant Kids Run and 5k race on Saturday evening and the half-marathon, four-person relay and full marathon on Sunday, April 3 Plans are already underway for the 13th marathon 2017 The marathon helps us promote fitness and good health, and has a positive impact on tourism and quality of life in East Tennessee The 2016 event also included a Fittest Company Challenge and a Corporate Challenge Team of individuals representing 14 area businesses who trained together in pursuit of healthier lifestyles while preparing for marathon events Dogwood Patch Program Encourages Community to Enjoy Local Outdoor Beauty As the flowering dogwood trees began showing the pink and white blossoms this past spring, Covenant Health announced a new initiative as part of its health and fitness sponsorship of the Dogwood Arts Festival The health system offered a limited-edition patch for anyone who hiked 25 miles on featured Dogwood Trails Miles had to be comple</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	<p>ted between April 1 and May 31 Led by Missy Kane, Covenant's health promotions coordinator, the patch program inspires people of all fitness levels to get moving and enjoy the benefits of a more active lifestyle, along with the natural beauty of East Tennessee More than 300 people qualified to receive a patch during the program's initial year</p> <p>Katerpillar Kids Supports Children Grieving Loss of a Loved One Covenant HomeCare Hospice continues to offer Katerpillar Kids Camp, a free event offered with the support of Variety-The Children's Charity Held annually at Camp Wesley Woods in Townsend, the weekend day camp helps children in grades 1-12 express feelings of loss in a supportive environment, while enjoying new friendships, crafts and outdoor activities</p> <p>Covenant Health Provides Ongoing Support for HonorAir Knoxville Covenant Health is a major sponsor of Knoxville's HonorAir program, which takes WWII, Korean and Vietnam veterans from East Tennessee (at no charge to them) to Washington, D C , to visit the memorials built to honor their sacrifice In spring 2016 , for the first time the program included a flight that was solely for Vietnam veterans In addition to financial support, Covenant Health has provided a staff physician for the majority of the flights, with Mitch Dickson, MD (also a Covenant board member), and Mike Ayres, MD, serving in that role Covenant Health also has sent a volunteer escort on every HonorAir Knoxville flight Under the leadership of Drs Dickson and Ayres, the medical team that travels on each flight is well prepared to meet any needs the veterans may have</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	<p>Philanthropy Builds a Legacy Throughout the years, fundraising efforts across Covenant Health have brought generous individuals and businesses together to make an impact on the health of our communities. In the last year, there have been many opportunities to celebrate and grow Covenant Health's legacy of excellence through fundraising. SUBWAY Race Against Cancer Thompson Cancer Survival Center was established with the help of many generous donors and has a long tradition of charitable support. The Smothers family and BUDDY's bar-b-q had great vision in establishing the Race Against Cancer to benefit the center 22 years ago. All funds raised by the race have stayed in East Tennessee to provide cancer screenings, education and outreach to our communities. In 2015 Covenant Health announced the next step for this signature event with the lead corporate sponsorship of SUBWAY. The partnership with local franchises brings opportunities to expand the reach and success of the race.</p> <p>Hope Center The Hope Center's journey began in 1996 for people who are affected by HIV. Originally based at Fort Sanders Regional Medical Center, the program has adapted to the changing needs of the HIV community. Last year the program transitioned to be a part of Covenant HomeCare with a new medical director and program coordinator. The hope-focused care model created in 1996 continues to be the essence of care for the Center's services. The Hope Center provides, at no charge, caring support and assistance to individuals and families living with HIV. Inpatients, outpatients and newly diagnosed individuals have a safe, non-stigmatizing place to feel encouraged and valued. The Hope Center is completely funded through philanthropic donations and grants, and generous volunteers help provide many of its services.</p> <p>Hospitality Houses In 2016, 211 guests spent 1,787 nights at two Hospitality Houses for patients and families receiving care at Methodist Medical Center in Oak Ridge. Each house has private suites, a fully stocked kitchen, a shared family room and laundry facilities. The two houses are increasingly at 100% occupancy. An additional house is owned by Methodist but needs renovation in order to become the third Hospitality House, at an estimated cost of \$400,000. Earlier this year, a fundraising campaign began under the leadership of MMC Foundation board member Steve Whitson to raise both financial and in-kind contributions of material and labor. Oak Ridge businesses UT-Battelle and Pro2Serve have committed the lead charitable gifts to the campaign. As a result of their generosity, the third house will be named the UT-Battelle/Pro2Serve House. Covenant Health's Office of Philanthropy also supports the Fellowship Center, which provides housing for patients and families receiving care at Covenant locations in downtown Knoxville. The Covenant Health Office of Philanthropy coordinates these fundraising efforts of the boards of directors and staff at four foundations. * Fort San</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, Line 1	ders Foundation (serving Fort Sanders Regional, Fort Loudoun, Parkwest, Roane, and Cumberland Medical Centers, Peninsula, Covenant HomeCare/Hospice, Hope Center, and Patricia Neal Rehabilitation Center) * Methodist Medical Center * Morristown-Hamblen Hospital Foundation * Thompson Cancer Survival Center Foundation

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section A, line 4	<p>On December 5, 2016, Covenant Health, parent company of the organization, changed its corporate bylaws as follows. While the organization has in prior periods maintained a robust internal audit function, the organization amended its bylaws to create the position of "internal audit officer." The internal audit officer is appointed by the president and is to be invited to all meetings of the existing Audit Committee to provide information and answer questions posed by the Audit Committee. The internal audit officer shall also be responsible for preparing and reporting information necessary for the Audit Committee to carry out its functions and shall make an annual report to the Audit Committee on the status and effectiveness of the internal audit function. Direct access to the Audit Committee and the Board of Directors shall be afforded the internal audit officer when the officer deems necessary. Amendments were made to the bylaws to delegate to the Integrity Compliance Committee the authority to approve contracts or other arrangements involving or relating to transactions in which a director or officer has a conflict of interest, except where such authority is retained by the Board of Directors or delegated to another committee. The purpose of this amendment is to ensure that the committee of the board charged with leading the organization's compliance effort reviews all potential conflict of interest transactions consistent with the organization's previously adopted and expansive conflict of interest policies and procedures.</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section B, line 11b	Part VI, Section B, Line 11 Covenant Health is a large integrated health system which files fourteen Forms 990. Annually, at the September Finance Committee meeting, one of the fourteen 990s is selected (a different entity each year) for distribution to each member of the Committee. Management then reviews in detail each of the Form 990 schedules and describes variances between entities, if any. The remaining thirteen Forms are made available for review by any committee member. The same presentation is made to the Covenant Health Board of Directors at the October meeting. All fourteen Forms 990 are then made available to all board members for their review throughout the month of October.

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	<p>Board members, officers and employees are required to adhere to rules and policies regarding conflicts of interest. Covenant Health distributes a board-approved Code of Conduct to all employees. The Code covers among other subjects, conflicts of interest. Additionally, managers are required to complete and sign a bi-annual management certification that addresses conflicts of interest. Board members' conflicts of interests are dealt with in the corporate bylaws, and board members are required to complete and sign a conflict of interest questionnaire on an annual basis. The Integrity Compliance Office maintains records that contain conflict of interest information obtained from board members, officers and employees. These records are available to be queried prior to engaging in business transactions. The Integrity Compliance Officer initially reviews all conflict of interest data. Based on this information, the officer determines what conflicts of interest exist at that point in time. Between times when surveys are collected board members are expected to disclose any new conflicts that have arisen that affect pending board decisions. As well, managers and other employees are expected to report conflicts to the Integrity Compliance Officer as they arise. Depending on the nature of the conflict and the circumstances surrounding the conflict and transaction, the Integrity Compliance Officer, Senior Leadership, or the Board of Directors may review the conflict of interest. Where appropriate these bodies may also consult legal counsel. Restrictions imposed on persons with a conflict of interest are determined on a case by case basis. For Covenant Health employees, the Integrity Compliance Officer in conjunction with Executive Leadership determines how to appropriately handle the conflict. In any conflict involving a board member, such member is expected to excuse himself or herself from voting on matters that give rise to the conflict.</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section B, line 15	<p>Form 990, Part VI, Section B, Line 15a Annual compensation for Covenant Health's Presidents and Chief Executive Officers ("CEO"), James D VanderSteege and Anthony L Spezia, are determined by the Compensation Committee of the Covenant Health Board of Directors, ("the Committee") which is composed of independent members of the board and chaired by the chairman of the board. The Committee is guided in its decision-making process by an independent, nationally recognized executive compensation consultant experienced in advising nonprofit hospital boards (the "Consultant") whose services include (1) providing pay comparisons with market comparables, (2) recommending salary ranges and annual base salary adjustments, (3) designing incentive compensation and deferred compensation components of the CEO's total compensation package, (4) reviewing benefits and perquisites, and (5) certifying as to the reasonableness of total annual compensation. The Consultant analyzes and makes recommendations with respect to the CEO's total compensation package through analysis of CEO compensation data for comparable nonprofit health systems in the United States. The systems selected for comparison are similar to Covenant Health in revenue, total assets, number of hospitals, full time employees and services provided. Covenant Health's current compensation methodology includes setting base salary around the 50th percentile of the market. Base salaries for individual executives will vary based on market conditions, performance, tenure, experience, special skills or qualifications, recruitment and retention challenges, and other relevant factors. In addition, annual incentive compensation may be awarded upon achievement of goals established by the Committee at the beginning of each fiscal year which reflect quality of care, patient safety and service excellence in addition to financial performance and other measures. Incentive opportunity levels will be positioned at or slightly above median or average levels in the market. Annual incentive opportunity ranges from 0-50% of base salary depending upon the CEO's performance. Overall, total compensation levels (all forms of cash compensation and benefits) will be positioned up to or around the 75th percentile of the market, based on individual and organizational performance. As a part of its CEO performance evaluation process, the Committee asks each member of the board of directors to submit a written evaluation of the CEO's performance using an evaluation form prepared by an independent audit firm. This information is collected, collated, and reported to the Committee by the audit firm, results are "blinded" so that individual board members are not identified. The blinded results are shared with the CEO as part of the evaluation process. Any increase in base salary, award of annual incentive, or changes in overall compensation methodology are made by the Committee after discussion with and advice of the Consultant and condit</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
<p>Form 990, Part VI, Section B, line 15</p>	<p>tioned upon the Consultant's determination that such decisions result in total annual compensation that is reasonable and within a fair market value range. Once the annual performance evaluation is completed, the chairman and at least one other member of the Committee meet with the CEO and share the Committee and board's evaluation of his prior year's performance, communicate his performance goals for the upcoming year, and inform him of the Committee's actions with respect to any annual incentive award for the prior year and any base salary adjustment for the upcoming year. Form 990, Part VI, Section B, Line 15b Base salaries and annual bonus opportunities for Key Executives (*1) are set by the Covenant Health Chief Executive Officer (CEO) in consultation with Senior Vice President-Human Resources, subject to approval of the Compensation Committee of the Covenant Health Board of Directors ("the Committee"), after review by and discussion with the executive compensation consultant ("the Consultant") to ensure that total compensation for each executive is reasonable and within a fair market value range. Salary ranges for each executive position are based upon the recommendations of the Consultant made after comparison with similar jobs in similar size health systems across the nation. Bonuses are recommended by the CEO and approved by the Committee conditioned upon receipt of a written opinion from the Consultant that total compensation for each Key Executive is reasonable and consistent with fair market value. Base salaries are initially targeted at midpoint and vary according to market conditions, performance, tenure, experience, special skills or qualifications, recruitment and retention challenges, and other relevant factors. Annual bonuses are designed to award 0 - 45% for the Executive Vice Presidents (EVP), and 0 - 35% for the Senior Vice Presidents (SVP) and Chief Administrative Officers (CAO) of base salary based upon system performance and accomplishment of certain targets established by the CEO (*1) KEY EXECUTIVES Covenant Health employees John T. Geppi, EVP-Chief Financial Officer Michael R. Belbeck Jr., EVP-Hospital Operations Lucas D. Johnson Sr., EVP-Physician Enterprises & Ambulatory Services William M. Ward, SVP-Chief Information Officer Mark W. Browne, SVP-Chief Medical Officer Janice McKinley, SVP-Quality, Safety & Nursing Operations</p>

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	Per its tax exempt bond provisions, Covenant Health is required to file quarterly and annual consolidated and obligated group financial statements and other documentation with various bond insurers and other agencies, including the Electronic Municipal Market Access (EMMA) service of the Municipal Securities Rulemaking Board (MSRB) Any member of such a repository has access to these financial statements The organization's governing documents and conflict of interest policy are not made publicly available

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part XI, line 9	Book/Tax Diff in Income(Loss) from Partnerships/Trusts -2,189,707 Return of capital from subsidiaries 257,881,624 Capital contributed to subsidiaries -116,415,443 Change in 457(b) unrealized gain/loss 273,384

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part XII, Line 2c	The Audit Committee of the Board of Directors annually selects the external auditors for Covenant Health. There is a joint meeting of the Finance Committee and Audit Committee of the Board of Directors where the audit of the consolidated financial statements are presented.

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2016

Open to Public Inspection

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990. ▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization
Covenant Health

Employer identification number

62-1646734

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) Covenant Ventures LLC 100 Fort Sanders West Blvd Knoxville, TN 37922 30-0913192	Develop healthcare software	TN	1,283,553	3,716,447	Covenant Health

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

See Additional Data Table

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No

Part III Identification of Related Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Fort Sanders West OP Surgery Center LLC 210 Fort Sanders West Blvd Ste 200 Knoxville, TN 37922 62-1366907	Outpatient surgery center	TN	N/A									
(2) Fort Sanders West Associates 280 Fort Sanders West Blvd Ste 214 Knoxville, TN 37922 62-1384171	Building ownership	TN	N/A									
(3) KOSC Properties LLC 256 Fort Sanders West Blvd Ste 200 Knoxville, TN 37922 26-2444076	Building ownership	TN	N/A									
(4) Knoxville Orthopaedic Surgery Center LLC 256 Fort Sanders West Blvd Ste 200 Knoxville, TN 37922 26-2437385	Orthodopaedic surgery	TN	N/A									
(5) KOC 260 Bldg LLC 260 Fort Sanders West Blvd Knoxville, TN 37922 46-5228440	Land and building ownership	TN	N/A									
(6) CovenantUSP Surgery Centers LLC 15305 Dallas Parkway Ste 1600 Addison, TX 75001 36-4828197	Holding Company	TN	N/A									

Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512(b) (13) controlled entity?	
								Yes	No
(1) Fortress Corporation 280 Fort Sanders West Blvd Ste 214 Knoxville, TN 37922 62-1308885	Management company	TN	Covenant Health	C			100 000 %	Yes	
(2) Covenant Medical Group Inc 1400 Centerpoint Blvd Ste 100 Bldg Knoxville, TN 37932 62-1282917	Physician practice management	TN	N/A	C				Yes	
(3) Knoxville Heart Group 1819 Clinch Ave Ste 108 Knoxville, TN 37916 27-1528941	Cardiology medical practice	TN	N/A	C				Yes	
(4) East TN Cardiovascular Surgery Group Inc 9125 Cross Park Drive Ste 200 Knoxville, TN 37923 62-1018541	Cardiovascular surgical practice	TN	N/A	C				Yes	

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity	1a Yes	
b Gift, grant, or capital contribution to related organization(s)	1b Yes	
c Gift, grant, or capital contribution from related organization(s)	1c Yes	
d Loans or loan guarantees to or for related organization(s)	1d	No
e Loans or loan guarantees by related organization(s)	1e	No
f Dividends from related organization(s)	1f Yes	
g Sale of assets to related organization(s)	1g	No
h Purchase of assets from related organization(s)	1h	No
i Exchange of assets with related organization(s)	1i	No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	No
k Lease of facilities, equipment, or other assets from related organization(s)	1k Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m Yes	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n Yes	
o Sharing of paid employees with related organization(s)	1o Yes	
p Reimbursement paid to related organization(s) for expenses	1p Yes	
q Reimbursement paid by related organization(s) for expenses	1q Yes	
r Other transfer of cash or property to related organization(s)	1r Yes	
s Other transfer of cash or property from related organization(s)	1s Yes	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

See Additional Data Table

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved

Part VII **Supplemental Information**

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference**Explanation**

Additional Data

Software ID:
Software Version:
EIN: 62-1646734
Name: Covenant Health

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) 1901 W Clinch Ave Knoxville, TN 37916 62-0528340	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health	Yes	
(1) 9352 Park West Blvd Knoxville, TN 37923 58-1897274	Acute care hospital and behavioral health services	TN	501(c)(3)	Line 3	Covenant Health	Yes	
(2) 990 Oak Ridge Turnpike Oak Ridge, TN 37830 62-0636239	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health	Yes	
(3) 742 Middle Creek Road Sevierville, TN 37862 62-1114867	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health	Yes	
(4) 8045 Roane Medical Center Dr Harriman, TN 37748 68-0673354	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health	Yes	
(5) 550 Fort Loudoun Medical Center Dr Lenoir City, TN 37772 62-1373691	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health	Yes	
(6) 1915 White Ave Knoxville, TN 37916 62-1250943	Cancer support center	TN	501(c)(3)	Line 3	Covenant Health	Yes	
(7) 1915 White Ave Knoxville, TN 37916 62-1619239	Oncology services	TN	501(c)(3)	Line 3	Thompson Cancer Survival Center	Yes	
(8) 280 Fort Sanders West Blvd Ste 202 Knoxville, TN 37922 62-1748601	Fundraising and patient outreach	TN	501(c)(3)	Line 12b, II	Covenant Health	Yes	
(9) 3001 Lake Brook Blvd Ste 101 Knoxville, TN 37909 62-1623114	Home health services and DME	TN	501(c)(3)	Line 10	Covenant Health	Yes	
(10) Trustees Tower 501 19th St Ste 304 Knoxville, TN 37916 04-3760551	High risk obstetrical services	TN	501(c)(3)	Line 3	Fort Sanders Regional Medical Center	Yes	
(11) 908 W 4th N St Morristown, TN 37814 62-0545814	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health	Yes	
(12) 1915 White Ave Knoxville, TN 37916 58-2130450	Fundraising and patient outreach	TN	501(c)(3)	Line 12b, II	Covenant Health	Yes	
(13) 421 S Main St Crossville, TN 38555048 62-0790132	Acute Care Hospital	TN	501(c)(3)	Line 3	Covenant Health	Yes	
(14) 1850 Old Knoxville Rd Tazewell, TN 378793625 46-4420358	Acute care hospital	TN	501(c)(3)	Line 3	Covenant Health	Yes	

Form 990, Schedule R, Part V - Transactions With Related Organizations			
(a) Name of related organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
(1) Fort Sanders Regional Medical Center	L	26,569,989	FMV
(1) Fort Sanders Regional Medical Center	O	55,715	FMV
(2) Fort Sanders Regional Medical Center	P	12,557,819	Cost
(3) Fort Sanders Regional Medical Center	Q	242,856,258	Cost
(4) Fort Sanders Regional Medical Center	S	160,769,295	Cash
(5) Parkwest Medical Center	L	26,242,429	FMV
(6) Parkwest Medical Center	O	56,883	FMV
(7) Parkwest Medical Center	P	13,993,528	Cost
(8) Parkwest Medical Center	Q	205,334,564	Cost
(9) Parkwest Medical Center	S	2,093,151	Cash
(10) Cumberland Medical Center	L	2,698,687	FMV
(11) Cumberland Medical Center	O	435,176	FMV
(12) Cumberland Medical Center	P	56,749	Cost
(13) Cumberland Medical Center	Q	8,095,097	Cost
(14) Methodist Medical Center	L	14,241,135	FMV
(15) Methodist Medical Center	P	6,834,425	Cost
(16) Methodist Medical Center	Q	72,189,849	Cost
(17) Methodist Medical Center	S	75,609,312	Cash
(18) Morristown-Hamblen Hospital Association	L	8,103,461	FMV
(19) Morristown-Hamblen Hospital Association	P	4,144,372	Cost
(20) Morristown-Hamblen Hospital Association	Q	48,241,662	Cost
(21) Morristown-Hamblen Hospital Association	S	49,324,002	Cash
(22) LeConte Medical Center	L	7,366,670	FMV
(23) LeConte Medical Center	P	2,691,419	Cost
(24) LeConte Medical Center	Q	51,308,265	Cost

Form 990, Schedule R, Part V - Transactions With Related Organizations				
	(a) Name of related organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
(26)	LeConte Medical Center	S	80,373,675	Cash
(1)	Roane County Medical Center	L	3,531,367	FMV
(2)	Roane County Medical Center	P	1,710,001	Cost
(3)	Roane County Medical Center	Q	26,081,318	Cost
(4)	Roane County Medical Center	S	29,082,061	Cash
(5)	Fort Loudoun Medical Center	L	2,964,739	FMV
(6)	Fort Loudoun Medical Center	P	1,383,819	Cost
(7)	Fort Loudoun Medical Center	Q	17,946,606	Cost
(8)	Fort Loudoun Medical Center	S	19,293,618	Cash
(9)	Claiborne Medical Center	L	1,854,028	FMV
(10)	Claiborne Medical Center	O	375,989	FMV
(11)	Claiborne Medical Center	P	90,269	Cost
(12)	Claiborne Medical Center	Q	2,748,534	Cost
(13)	Thompson Cancer Survival Center	L	1,289,294	FMV
(14)	Thompson Cancer Survival Center	Q	25,144,176	Cost
(15)	Thompson Cancer Survival Center	S	891,322	Cash
(16)	Thompson Oncology Group	L	400,657	FMV
(17)	Thompson Oncology Group	Q	1,908,089	Cost
(18)	Thompson Oncology Group	S	1,185,247	Cash
(19)	Covenant Homecare	L	1,146,077	FMV
(20)	Covenant Homecare	P	77,009	Cost
(21)	Covenant Homecare	Q	553,943	Cost
(22)	Covenant Homecare	S	15,479,491	Cash
(23)	Fort Sanders Perinatal Center	Q	19,352,014	Cost
(24)	Fort Sanders Perinatal Center	S	9,527,507	Cash

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of related organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
(51)	Surgery Center of Oak Ridge	Q	462,619	Cost
(1)	Knoxville Heart Group	L	270,180	FMV
(2)	Knoxville Heart Group	Q	5,687,968	Cost
(3)	Knoxville Heart Group	S	6,498,612	Cash
(4)	East TN Cardiovascular Surgical Group	Q	3,805,299	Cost
(5)	Fortress Corporation	K	486,512	FMV
(6)	Fortress Corporation	L	899,547	FMV
(7)	Fortress Corporation	Q	8,400,403	Cost
(8)	Fortress Corporation	S	1,173,378	Cash
(9)	Fort Sanders West OP Surgery Center	Q	1,054,066	Cost
(10)	Covenant Medical Group	K	232,128	FMV
(11)	Covenant Medical Group	L	7,683,145	FMV
(12)	Covenant Medical Group	P	478,540	Cost
(13)	Covenant Medical Group	Q	65,489,464	Cost
(14)	Fort Sanders Foundation	C	140,402	FMV
(15)	Fort Sanders Foundation	O	315,154	FMV