



Creating Moments that Matter

2025 Annual Report



Covenant Living's recent fiscal year was defined by strategic progress, vibrant community growth, and an unwavering commitment to enriching the lives of residents and employees. The organization achieved record occupancy across residential living and healthcare, including unprecedented healthcare admissions. Guided by an updated strategic plan and supported by strong financial ratings, Covenant Living continues to invest in its greatest assets, those who live and work within its communities nationwide, by creating moments that matter every day. These moments come to life through personalized experiences, meaningful connections, thoughtfully designed spaces, and innovative programs that foster joy, purpose, and belonging.





Janet Sullivan Creaney, Board Chair

Introduction



In looking back at all we've accomplished this year, I'm reminded of the countless hours of care, service, and teamwork that have taken place in our 20 communities and at our central office. These successes aren't just about our employees, they reflect the heart and spirit of our residents as well. The theme of this year's report, "Creating Moments that Matter," truly resonates because that's what we strive for every day.

Our leadership team is committed to making life better for both residents and employees. Surveys show high satisfaction and strong referrals from both groups, clear signs that people feel connected to the culture we've built together. It's a culture that creates meaningful moments not just for today, but for the future.

This year, our board and executive leadership team

approved an updated strategic plan, which you'll read about in this report. It's our roadmap for continued growth, service, and workforce development, all focused on creating moments that matter.

And thanks to the generosity of residents, employees, and partners, we've reached record donations for our benevolent care fund. This support ensures that those facing unexpected financial challenges can continue to call Covenant Living home and experience the moments that matter most.

Covenant Living is home to 6,000 residents and almost 4,000 employees. Together, we create a powerful impact that extends to families and loved ones. As you read this annual report, I hope you feel the same gratitude we do for all that's been achieved. Here's to building even more moments that matter in the year ahead.





David Erickson, President and CEO

Creating Moments that Matter



Every day across our communities, moments of connection happen, neighbors sharing stories, a warm greeting in the hallway, or residents showcasing their talents through music and art. These aren't just ordinary interactions; they are the heartbeat of Covenant Living. They are the moments that matter, moments that define who we are.

These moments don't happen by chance. They are the result of intentional leadership, strong stewardship, and a shared commitment to our mission, reflected not only in daily life across our communities, but also in the strength and progress of our organization.

This past year has been a testament to our strength and vision. From robust occupancy rates to transformative redevelopment projects and new apartment homes, we've built momentum that reflects both growth and resilience. Guided by our updated strategic plan, we are charting a course that ensures Covenant Living remains a leader in service and innovation for years to come.

Our commitment to residents and employees remains a big focus. Recent surveys affirm what we've always believed: people love where they live and work. That is not by chance, it is the result of a culture rooted in care, respect, and purpose. In the year ahead, we will amplify that culture, creating even more opportunities for meaningful engagement and shared joy.



The spirit of generosity continues to shine. Through philanthropic efforts, we have witnessed extraordinary acts of kindness and moments when giving made all the difference for those who needed it most. These contributions are more than gifts; they are investments in hope and community.

As we head into our 140th year, we stand on a foundation built by countless moments of dedication and service. Our greatest assets remain our residents, our employees, and the principles that guide us: relationships and a commitment to serving others. Together, we will keep creating moments that matter, today, tomorrow, and for generations to come.



Creating Moments that Matter

Through Our Strategic Plan

In 2025, Covenant Living completed the process to develop an updated strategic plan. Input was gathered from residents, the board of directors, and leadership within the organization. Using this valuable feedback, along with insights from experts in senior living, the updated plan was approved by the board at the July 2025 board meeting.

Mission

The updated strategic plan includes a foundation defined by our Christian mission with four distinct pillars: Growth, Optimization, Service, and Workforce. This plan provides a structure to ensure strategic oversight, governance, and alignment with our mission

as we pursue initiatives to strengthen our communities and enrich the lives of those who live and work in our communities.

Growth

Covenant Living will continue to grow through the expansion of existing communities where and market opportunities exist, along with service offerings that enhance the lives of residents. We also will consider potential affiliations with mission-compatible organizations. With board guidance, we will make informed investments that position Covenant Living for long-term success.



Optimization

Continuing from the organization's previous strategic plan, we will focus on efficiency and effectiveness in operations. Leadership, in partnership with the finance and operations teams, will help evaluate major initiatives to ensure resources are used wisely and innovations deliver measurable impact.

Service

Service is at the heart of our mission. Beyond operational excellence, this pillar emphasizes creating moments that matter; personalized experiences that bring joy, dignity, and meaning to residents' lives. From exceptional dining to engaging activities and compassionate care, these moments define who we are.



Workforce

Covenant Living is committed to attracting and retaining top talent while fostering a culture of engagement and growth. We will continue to implement strategies that support employees and empower them to deliver outstanding service.

This plan reflects our confidence in the strength of our foundation and our readiness to embrace new opportunities to create ongoing moments that matter. With this vision and direction, Covenant Living is prepared to thrive now and well into the future.





Creating Moments that Matter Through Our Communities

At Covenant Living, we are committed to creating vibrant, welcoming environments for both new and existing residents. This past fiscal year, our expansion and redevelopment efforts reflect that promise, bringing fresh opportunities for connection, comfort, and community.

The redevelopment project at Covenant Living of Northbrook was completed, including three new carriage home buildings adding 36 one- and two-bedroom apartments. The Town Center has been reimagined to feature two distinct dining venues, a casual bistro and an elegant fine dining option, along with new common areas, inviting outdoor dining spaces and a beautifully

designed courtyard. A grand opening celebration was held in January 2026.

At Covenant Living of the Great Lakes, construction is well underway on a new neighborhood featuring 18 cottage duplexes. These additions will provide residents with modern living spaces in a neighborhood setting, fostering a sense of community and belonging. Move ins are slated to start in mid 2026.

Across many of our communities, renovations and updates are breathing new life into shared spaces, ensuring a fresh and contemporary look that enhances the resident experience. Planning is also underway for





future projects that will make the most of our existing land, continuing our tradition of intentional growth.

In addition to physical expansion, we remain committed to exploring opportunities to affiliate with senior living organizations that share our mission and values. These partnerships allow us to extend our reach and impact, ensuring that more individuals can experience the exceptional lifestyle Covenant Living offers. Together we are building more than homes, we are creating moments and spaces that truly matter.

Creating Moments that Matter For Our Employees

We recognize that our employees are among our most valuable resources. Their dedication and passion drive the exceptional care and service we provide every day. Leadership remains committed to retaining and growing our talented team, ensuring that every employee feels supported, valued, and empowered.

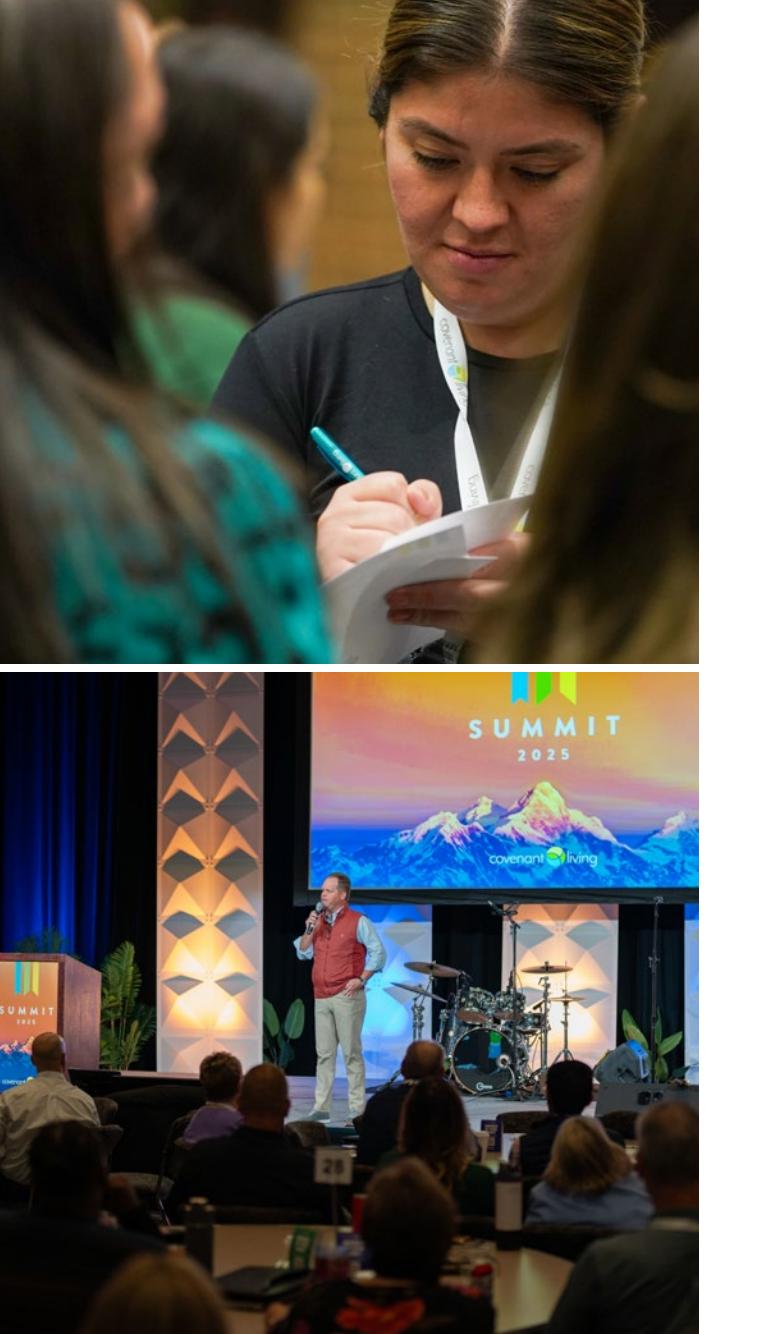
Investing in our Next-Generation Leaders

In February 2025, 120 mid-level managers from our communities gathered for BaseCamp 2025, a two-day conference that is specifically designed to invest in the growth of these discipline leaders. This conference is a great opportunity for these managers to receive targeted educational content, motivation and ultimately

get more connected to the Covenant Living organization as a place where they can grow in their career.

Inspiring Leadership and Collaboration

In October 2025, 400 senior leaders from our communities gathered for Summit 2025, a three-day conference designed to strengthen connections and share knowledge. Attendees had the opportunity to network with peers, hear from top-level keynote speakers, and participate in breakout discipline workshops focused on enhancing both the resident and employee experience. These sessions fostered collaboration and innovation, reinforcing our commitment to continuous improvement. The event also



included a celebration of 39 Inspiration Award winners who were recognized for going above and beyond in their service to residents and employees.

Investing in Education and Technology

Ongoing learning remains a cornerstone of our culture. Throughout the year, our IT department hosted educational sessions to share tips and best practices for leveraging technology across the organization. These efforts ensure that employees have the tools and knowledge they need to succeed in an evolving digital workplace.

Enhancing Benefits and Well-being

We also reviewed and expanded employee benefits,



introducing new offerings to support overall well-being and work-life balance. These enhancements reflect our dedication to creating a workplace where employees feel cared for and appreciated.

Listening to Our Employees

Our annual employee survey provided valuable insights into satisfaction and engagement. Results were overwhelmingly positive, with high ratings for overall satisfaction and strong recommendations of Covenant Living as a great place to work. This feedback affirms our ongoing efforts to create an environment where employees thrive.





Creating Moments that Matter For Our Residents

At Covenant Living, our commitment to creating meaningful experiences for residents remains at the heart of everything we do. In 2025, we continued to prioritize listening to our residents and enhancing their lifestyle through ongoing feedback and improvement initiatives.

In the spring of 2025, our annual residential living survey achieved an impressive 94% response rate, reflecting the strong engagement and trust within our communities. The results speak volumes about the satisfaction and confidence our residents have in choosing Covenant Living:

- Community Loyalty: Nearly 92% of respondents

indicated they would select their community again, a figure well above the national average.

- Strong Recommendations: 92% would recommend Covenant Living to a friend or relative, reinforcing the sense of belonging and quality of life we strive to provide.
- Value for Investment: Almost 83% expressed favorable views on the value for the price they pay, surpassing national benchmarks.
- Overall Satisfaction: Our overall favorability rating climbed to 88.9%, marking a 2.9% increase from the previous year.





These results underscore our dedication to continuous improvement and our mission to ensure every resident feels heard, valued, and supported. As we look ahead, we remain committed to fostering vibrant communities where residents can thrive and experience the highest quality of life.

Creating Moments that Matter

Through Generosity

Through the power of generosity and the relationships nurtured by the Covenant Living philanthropy team, we are creating moments of compassion and care that truly matter. Every gift, every partnership, and every act of kindness adds up to life-changing results. Covenant Living continues to demonstrate extraordinary strength in advancing our mission, and the numbers tell a powerful story:

- \$15.6 million in total cash and future commitments for FY25, an increase from \$9.1 million in FY24.
- \$5.66 million in realized estate gifts, representing a 115% year-over-year increase.

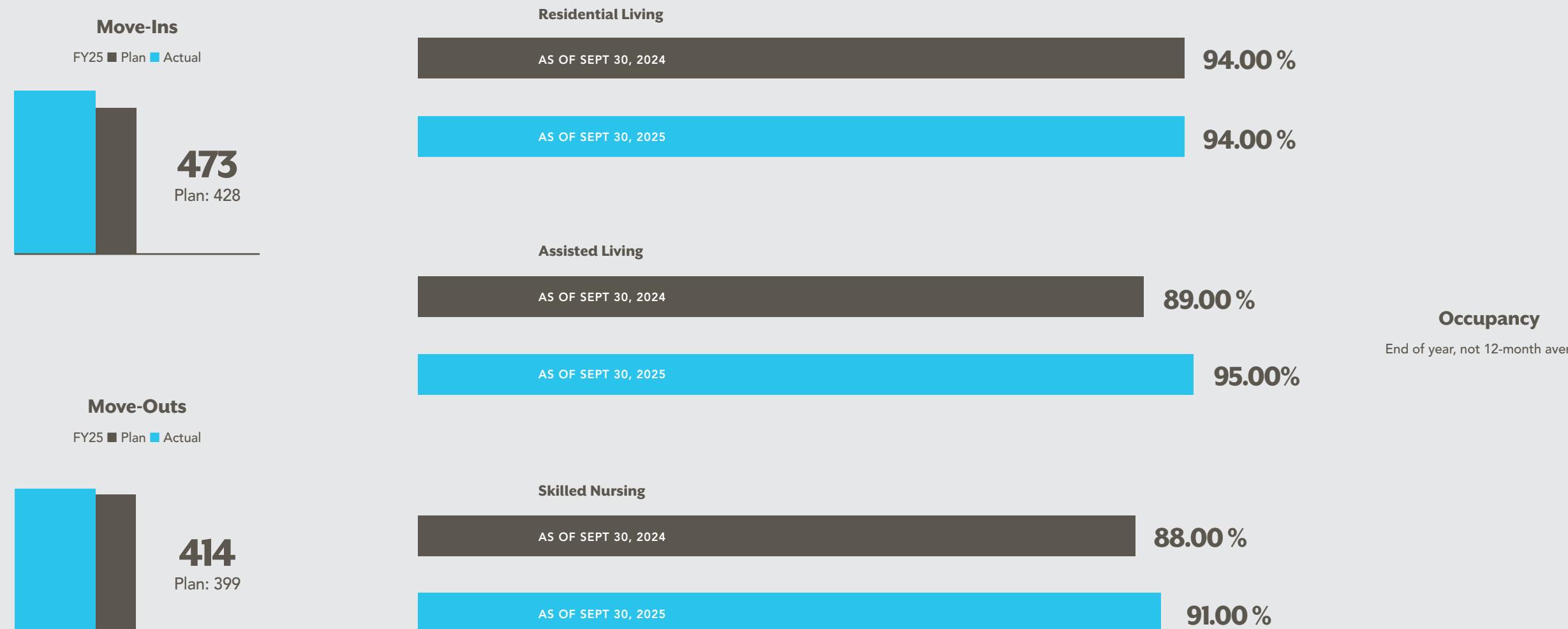
- \$5.8 million in future commitments, up 11% above FY24.
- Expanded community partnerships, generating \$353,000 from 195 sponsors, a 35% increase.

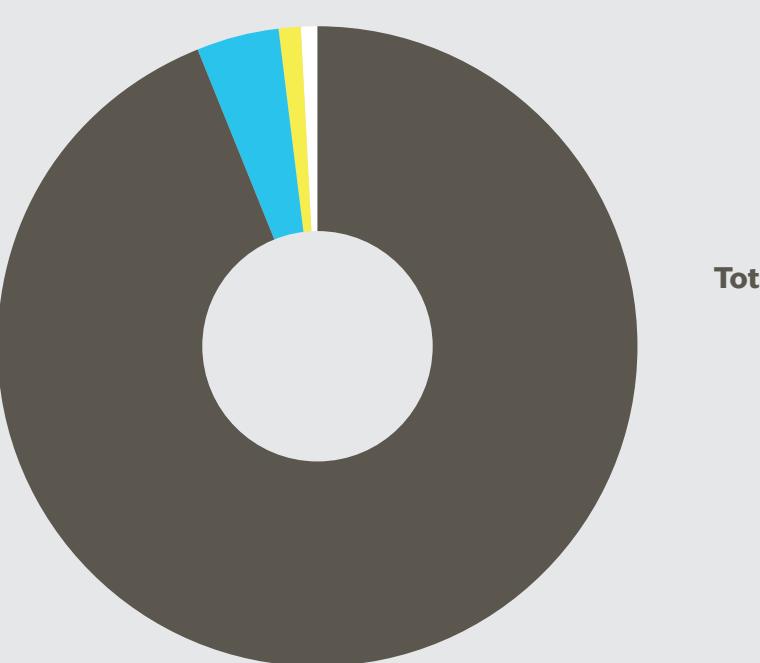
These achievements are more than numbers; they represent enriched lives, extended care, and peace of mind for those we serve. From benevolent care to community initiatives and now raising funds for CovenantCare Home Health & Hospice, philanthropy ensures residents and those we serve receive vital support. Together, we are creating immeasurable moments of compassionate giving and transforming lives.



Financials

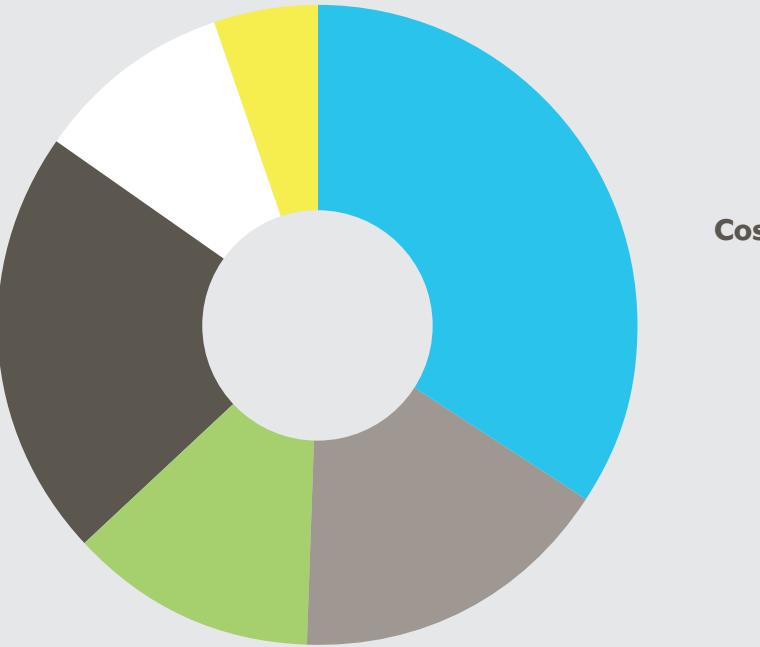
An independent annual audit of Covenant Living's financial statements provides the board of directors and key stakeholders with a clear and comprehensive view of the organization's financial position. Covenant Living continues to maintain an A-minus rating from Fitch Ratings, reflecting strong occupancy and operational performance, robust cash reserves, and significant size with geographic diversity. The fiscal year covered by this audit spans October 1, 2024, through September 30, 2025.





Total Revenues

- Continuing Care Retirement Communities, 93.9%
- CovenantCare Home Health and Hospice 4.3%
- Senior Living Rental Communities, 1.2%
- Other, 0.6%



Cost of Resident Care

- Nursing Services, 34%
- Dining Services, 17%
- Maintenance and Utilities, 13%
- Administrative and General, 22%
- Resident Benefits and Services, 10%
- Other, 5%

Net Operating Margin

■ FY 2024 ■ FY 2025



Consolidated Balance Sheet (in thousands)

As of September 30,	2024	2025
ASSETS		
Cash and cash equivalents	\$ 54,848	\$ 60,277
Notes and accounts receivable, net	28,850	28,199
Board designated investments:		
Benevolent care	110,742	132,577
Capital reserve	42,277	28,977
Other	258,712	270,800
Total board designated investments	411,731	438,144
Investments restricted under debt agreements	99,715	131,555
Property and equipment, net	885,581	941,944
Other assets	151,142	130,299
TOTAL ASSETS	\$ 1,631,867	\$ 1,732,038
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 47,172	\$ 53,800
Long-term debt	585,102	653,392
Other liabilities	316,473	301,918
Refundable contract liabilities	196,511	197,532
Deferred revenue from entrance fees	310,808	324,900
TOTAL LIABILITIES	\$ 1,456,066	\$ 1,531,412
Net assets:		
Without donor restrictions	151,587	175,067
With donor restrictions	24,214	25,599
Total net assets	175,801	200,626
TOTAL LIABILITIES AND NET ASSETS	\$ 1,631,867	\$ 1,732,038

Consolidated Statement of Operations (in thousands)

As of September 30,	2024	2025
OPERATING REVENUES		
Operating revenues	\$ 390,350	\$ 434,180
Amortization of deferred entrance fees	58,770	64,794
Total operating revenues	449,120	498,974
OPERATING EXPENSES		
Cost of resident care	354,512	392,849
Interest expense	23,245	25,289
Sales and marketing	19,858	21,150
Depreciation and amortization	70,593	75,885
Total operating expenses	468,208	515,173
INCOME (LOSS) FROM OPERATIONS	(19,088)	(16,199)
NONOPERATING REVENUE (EXPENSE), NET		
Investment income (loss)	70,538	55,827
Unrealized gain (loss) on derivative instrument	(1,078)	(354)
Contributions, net	1,281	(1,801)
Other nonoperating expense	(12,758)	(14,877)
Derivative instruments interest expense	787	228
INCOME (LOSS)	39,682	22,824
OTHER CHANGES IN UNRESTRICTED NET ASSETS		
Net assets released from restriction for capital purposes	588	656
Net asset transfer to related organization	-	-
Total other changes in unrestricted net assets	588	656
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 40,270	\$ 23,480





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