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November 13, 2017

This Continuing Disclosure Quarterly Report is being provided by Front Porch Communities and Services (formerly, The Internext Group) (“Front Porch”) in connection with the following bond issues (the “Bonds”):

- \$100,040,000 California Statewide Communities Development Authority Revenue Bonds (Front Porch Communities and Services), Series 2017A

Continuing Disclosure Quarterly Report

Front Porch’s Continuing Disclosure Quarterly Report (the “Quarterly Report”) is attached hereto and contains the consolidated unaudited financial statements of Front Porch and affiliates for the fiscal quarter and year-to-date period ended September 30, 2017, 2016, and 2015. The Quarterly Report also contains the unaudited financial statements for the Obligated Group for the fiscal quarter and year-to-date period ended September 30, 2017, 2016, and 2015.

This Quarterly Report is provided solely pursuant to the continuing disclosure certificates relating to the above-referenced Bonds. The filing of this Quarterly Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about Front Porch or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this Quarterly Report relates (other than as contained in this Quarterly Report), or any other date specified with respect to any of the information contained in this Quarterly Report, or that no other information exists, which may have a bearing on the security for the Bonds, or an investor’s decision to buy, sell, or hold the Bonds.

The information contained in this Quarterly Report has been obtained from sources which are believed to be reliable. No statement in this Quarterly Report should be construed as a prediction or representation about future financial performance of Front Porch.

FRONT PORCH COMMUNITIES AND SERVICES

By: 
Eduardo Salvador
Chief Financial Officer



Financial Results

Quarter & Year-to-Date period ended September 30, 2017

(Unaudited)



Front Porch Consolidated Group and Obligated Group

Statements of Operations

Quarter ended September 30

(in thousands)

	<u>Consolidated Group</u>			<u>Obligated Group</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Unrestricted Revenues, Gains and Other Support						
Resident and patient service revenue (net of contractual discounts and allowances)	\$45,425	\$45,999	47,778	\$26,086	\$25,968	26,686
Provision for uncollectible accounts	(839)	(66)	(615)	(347)	(127)	(395)
Resident and net patient service revenue less provision for uncollectible accounts	44,586	45,933	47,163	25,739	25,841	26,291
Amortization of entrance fees	2,711	2,668	2,206	2,709	2,666	2,205
Other	101	131	160	1,186	1,293	1,350
Net assets released from restriction used for operations	159	212	197	152	205	194
Total unrestricted revenues, gains and other support	47,557	48,944	49,726	29,786	30,005	30,040
Expenses						
Medical services	11,922	11,888	12,692	6,844	6,904	7,168
Communities operating costs	5,187	5,116	5,302	3,073	3,066	3,155
Dietary services	7,129	7,329	7,957	4,112	4,249	4,629
Residential services	3,892	3,974	4,292	2,304	2,369	2,594
Administrative services	9,357	10,933	9,811	6,692	8,231	7,071
Depreciation	6,165	6,058	6,512	3,974	3,896	4,302
Amortization of deferred costs	343	341	296	288	287	244
Interest expense	2,392	2,437	2,698	1,215	1,327	1,619
Other	547	703	462	390	564	342
Total Expenses	46,934	48,779	50,022	28,892	30,893	31,124
Operating Income (Loss) Before Other Operating Charges	623	165	(296)	894	(888)	(1,084)
Other Operating Charges						
Asset Impairment - Wesley Palms	-	-	(371)	-	-	(371)
Operating Income (Loss)	623	165	(667)	894	(888)	(1,455)
Other Income						
Investment return	(16,712)	6,916	8,527	(16,714)	6,913	8,522
Loss on extinguishment of debt			(2,937)	-	-	(2,937)
Total other income (expense)	(16,712)	6,916	5,590	(16,714)	6,913	5,585
Excess (Deficiency) of Revenue Over Expenses	(16,089)	7,081	4,923	(15,820)	6,025	4,130
Net assets released from restriction for capital expenditures	16	34	86	16	5	86
Increase (Decrease) in Unrestricted Net Assets	\$(16,073)	\$ 7,115	\$ 5,009	\$(15,804)	\$ 6,030	\$ 4,216



Front Porch Consolidated Group and Obligated Group

Statements of Operations

Fiscal Year ended September 30

(in thousands)

	<u>Consolidated Group</u>			<u>Obligated Group</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Unrestricted Revenues, Gains and Other Support						
Resident and patient service revenue (net of contractual discounts and allowances)	\$90,705	\$91,085	95,007	\$52,658	\$51,369	53,163
Provision for uncollectible accounts	(1,742)	(251)	(937)	(694)	(271)	(630)
Resident and net patient service revenue less provision for uncollectible accounts	88,963	90,834	94,070	51,964	51,098	52,533
Amortization of entrance fees	5,287	4,856	4,464	5,282	4,852	4,460
Other	204	281	297	2,333	2,560	2,667
Net assets released from restriction used for operations	364	362	368	344	346	354
Total unrestricted revenues, gains and other support	94,818	96,333	99,199	59,923	58,856	60,014
Expenses						
Medical services	23,208	23,076	25,095	13,260	13,217	14,170
Communities operating costs	9,611	9,532	10,105	5,776	5,708	5,971
Dietary services	14,069	14,448	15,735	8,198	8,371	9,039
Residential services	7,565	7,884	8,353	4,519	4,668	5,027
Administrative services	20,062	21,883	20,314	14,826	16,539	14,756
Depreciation	12,315	12,062	12,779	7,924	7,733	8,376
Amortization of deferred costs	687	681	635	576	574	530
Interest expense	4,807	4,830	5,183	2,446	2,603	3,022
Other	1,073	1,415	1,098	792	1,128	833
Total Expenses	93,397	95,811	99,297	58,317	60,541	61,724
Operating Income (Loss) Before Other Operating Charges	1,421	522	(98)	1,606	(1,685)	(1,710)
Other Operating Charges						
Asset Impairment - Wesley Palms	-	-	(371)	-	-	(371)
Operating Income (Loss)	1,421	522	(469)	1,606	(1,685)	(2,081)
Other Income						
Investment return	(19,989)	13,979	17,185	(19,994)	13,974	17,177
Loss on extinguishment of debt	-	-	(2,937)	-	-	(2,937)
Total other income (expense)	(19,989)	13,979	14,248	(19,994)	13,974	14,240
Excess (Deficiency) of Revenue Over Expenses	(18,568)	14,501	13,779	(18,388)	12,289	12,159
Net assets released from restriction for capital expenditures	104	49	127	104	20	86
Increase (Decrease) in Unrestricted Net Assets	\$ (18,464)	\$ 14,550	\$ 13,906	\$ (18,284)	\$ 12,309	\$ 12,245



Front Porch Consolidated Group and Obligated Group

Balance Sheets As of September 30 (in thousands)

	Consolidated Group			Obligated Group		
	2015	2016	2017	2015	2016	2017
Assets						
Current Assets						
Cash and cash equivalents	\$14,394	\$17,887	\$15,932	\$9,828	\$9,727	\$10,516
Short-term investments	1,542	6,650	21,501	1,542	6,650	21,501
Assets limited as to use - required for current liabilities	10,078	12,014	13,342	7,537	11,099	12,377
Patient accounts receivable, net	12,978	10,092	10,802	8,160	6,237	7,329
Prepaid expenses and other	4,785	4,128	4,565	3,034	3,362	3,566
Intercompany receivables	-	-	-	552	-	407
Total current assets	43,777	50,771	66,142	30,653	37,075	55,696
Investments						
Assets limited as to use, net of current portion	16,281	15,470	3,738	12,577	12,119	362
Long-term investments	224,907	258,086	255,101	224,907	258,087	255,101
Derivative instruments	8,649	7,652	264	8,649	7,652	264
Total investments	249,837	281,208	259,103	246,133	277,858	255,727
Property and Equipment, Net	291,624	313,909	332,598	221,472	244,001	262,883
Other Assets						
Interest in net assets of Pacific Homes						
Foundation	11,049	10,474	11,618	11,049	10,475	11,618
Receivables from supporting organizations	11,651	11,050	12,272	11,651	11,050	12,272
Other receivables	1,794	1,813	1,822	1,794	1,813	1,822
Deferred costs, net	9,734	8,365	996	6,333	5,182	996
Other assets	1,014	414	414	600	-	-
Total other assets	35,242	32,116	27,122	31,427	28,520	26,708
Total assets	\$620,480	\$678,004	\$684,965	\$529,685	\$587,454	\$601,014
Liabilities and Net Assets						
Current Liabilities						
Current maturities of long-term debt	\$5,763	\$6,021	\$3,116	\$2,895	\$3,010	-
Account payable	3,064	5,578	2,879	1,963	3,972	1,785
Accrued payroll and related expenses	10,722	12,875	12,455	5,908	8,261	7,485
Intercompany payables	-	-	-	109	1,677	-
Accrued interest	3,332	3,404	873	3,022	3,102	579
Other accrued expenses	6,630	11,126	11,978	6,172	10,589	11,466
Total current liabilities	29,511	39,004	31,301	20,069	30,611	21,315
Asset retirement obligations	2,608	2,201	2,217	678	231	239
Accrued workers compensation	10,225	9,763	9,449	5,315	5,496	6,173
Other accrued liabilities	13,106	14,828	17,371	9,947	11,574	14,066
Deferred interest - forward sale agreements	1,354	742	-	1,354	742	-
Refundable entrance fees	61,594	71,529	75,104	61,594	71,529	75,104
Deferred revenue from entrance fees	42,404	37,413	37,942	41,773	36,791	37,327
Long-term debt	266,071	282,861	266,856	152,590	172,440	162,529
Total liabilities	426,873	458,341	440,240	293,320	329,414	316,753
Net Assets:						
Unrestricted	171,875	198,974	221,649	214,642	237,359	261,195
Temporarily restricted	15,293	14,366	16,157	15,284	14,358	16,148
Permanently restricted	6,439	6,323	6,919	6,439	6,323	6,918
Total net assets	193,607	219,663	244,725	236,365	258,040	284,261
Total liabilities and net assets	\$620,480	\$678,004	\$684,965	\$529,685	\$587,454	\$601,014



Front Porch Consolidated Group and Obligated Group
Statements of Changes in Net Assets
Quarter ended September 30
(in thousands)

	<u>Consolidated Group</u>			<u>Obligated Group</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Unrestricted Net Assets						
Excess (deficiency) of revenues over expenses	\$ (16,089)	\$7,081	\$4,923	\$ (15,820)	\$6,025	\$4,130
Net assets released from restriction used for purchase of property and equipment	16	34	86	16	5	86
Increase (decrease) in unrestricted net assets	<u>(16,073)</u>	<u>7,115</u>	<u>5,009</u>	<u>(15,804)</u>	<u>6,030</u>	<u>4,216</u>
Temporarily Restricted Net Assets						
Contributions received and investment income	32	412	674	24	377	672
Net assets released from restriction for operations	(159)	(212)	(197)	(152)	(205)	(194)
Net assets released from restriction used for purchase of property and equipment	(16)	(34)	(86)	(16)	(5)	(86)
Increase (decrease) in temporarily restricted net assets	<u>(143)</u>	<u>166</u>	<u>391</u>	<u>(144)</u>	<u>167</u>	<u>392</u>
Permanently Restricted Net Assets						
Contributions received	-	-	15	-	-	14
Increase (decrease) in permanently restricted net assets	<u>-</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>14</u>
Change in Net Assets	(16,216)	7,281	5,415	(15,948)	6,197	4,622
Net Assets, Beginning of Year	209,822	212,382	239,310	252,313	251,843	279,639
Net Assets, End of Year	<u>\$193,606</u>	<u>\$219,663</u>	<u>\$244,725</u>	<u>\$236,365</u>	<u>\$258,040</u>	<u>\$284,261</u>



Front Porch Consolidated Group and Obligated Group
Statements of Changes in Net Assets
Year-to-Date ended September 30
(in thousands)

	<u>Consolidated Group</u>			<u>Obligated Group</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Unrestricted Net Assets						
Excess (deficiency) of revenues over expenses	\$ (18,568)	\$14,501	\$13,779	\$ (18,388)	\$12,289	\$12,159
Net assets released from restriction used for purchase of property and equipment	104	49	127	104	20	86
Increase (decrease) in unrestricted net assets	(18,464)	14,550	13,906	(18,284)	12,309	12,245
Temporarily Restricted Net Assets						
Contributions received and investment income	92	538	708	63	486	644
Change in interest in net assets of Pacific Home Foundation	-	-	-	-	-	-
Net assets released from restriction for operations	(364)	(362)	(368)	(344)	(346)	(354)
Net assets released from restriction used for purchase of property and equipment	(104)	(49)	(127)	(104)	(20)	(86)
Increase (decrease) in temporarily restricted net assets	(376)	127	213	(385)	120	204
Permanently Restricted Net Assets						
Contributions received	-	-	15	-	-	14
Change in value of trust	-	-	-	-	-	-
Increase (decrease) in permanently restricted net assets	-	-	15	-	-	14
Change in Net Assets	(18,840)	14,677	14,134	(18,669)	12,429	12,463
Net Assets, Beginning of Year	212,446	204,986	230,591	255,034	245,611	271,798
Net Assets, End of Year	<u>\$193,606</u>	<u>\$219,663</u>	<u>\$244,725</u>	<u>\$236,365</u>	<u>\$258,040</u>	<u>\$284,261</u>



Front Porch Consolidated Group and Obligated Group

Statements of Cash Flows Year-to-Date ended September 30 (in thousands)

	Consolidated Group			Obligated Group		
	2015	2016	2017	2015	2016	2017
Operating Activities						
Cash received from contract residents	\$22,373	\$22,920	\$22,090	\$22,306	\$22,824	\$21,996
Proceeds from entrance fees received	9,975	15,667	11,386	9,975	15,667	11,386
Cash received from and on behalf of noncontract residents	64,058	67,341	70,456	28,163	27,085	30,274
Reimbursement for services to nonresidents	2,194	1,777	1,623	747	648	578
Other receipts from operations	204	281	297	2,333	2,560	2,667
Unrestricted investment income received	3,562	3,670	4,247	3,557	3,665	4,239
Processing fees	59	33	39	59	33	39
Payments on forward sale agreements	(218)	(218)	(109)	(218)	(218)	(109)
Cash paid to suppliers, employees and others	(81,165)	(81,287)	(85,826)	(51,896)	(49,696)	(54,848)
Cash paid for interest on long-term debt, net of amounts capitalized	(4,943)	(4,930)	(7,894)	(2,609)	(2,733)	(5,757)
Net cash provided by operating activities	16,099	25,254	16,309	12,417	19,835	10,465
Investing Activities						
Capital expenditures	(14,255)	(25,498)	(25,175)	(11,688)	(21,602)	(20,191)
Proceeds from sale of trading investments	59,571	40,779	107,106	59,571	40,779	107,106
Purchase of trading investments	(76,733)	(48,509)	(91,074)	(76,733)	(48,509)	(91,074)
Purchase of assets limited as to use	(2,829)	(2,365)	(6,485)	(2,204)	(2,231)	(6,195)
Proceeds from sale of assets limited as to use	4,703	2,770	17,947	3,552	886	16,099
Proceeds from termination of derivative financial instrument	-	-	7,130	-	-	7,130
Repayment from (advances to) Brookmore Apartment Corporations	-	-	209	-	-	209
Net cash used in investing activities	(29,543)	(32,823)	9,658	(27,502)	(30,677)	13,084
Financing Activities						
Refunds of entrance fees	(5,424)	(3,467)	(2,596)	(5,424)	(3,467)	(2,596)
Principal payments on long-term debt	(3,691)	(3,816)	(2,435)	(2,270)	(2,345)	(2,435)
Principal payments on refinancing of long-term debt	-	-	(144,733)	-	-	(143,210)
Proceeds from refinancing 2007A	-	-	4,750	-	-	4,750
Proceeds from Series 2015, 2017A, & 2017B financing, net of issuance cost	6,808	12,832	118,621	6,808	12,832	118,621
Proceeds from restricted contributions	-	-	41	-	-	-
Net cash provided by financing activities	(2,307)	5,549	(26,352)	(886)	7,020	(24,870)
Increase (Decrease) in Cash and Cash Equivalents	(15,751)	(2,020)	(385)	(15,971)	(3,822)	(1,321)
Cash and Cash Equivalents, Beginning of Year	30,145	19,906	16,317	25,799	13,549	11,837
Cash and Cash Equivalents, End of Year	\$14,394	\$17,886	\$15,932	\$9,828	\$9,727	\$10,516
Supplemental Cash Flows Information						
Property and equipment purchase included in accounts payable and other accrued expenses	-	3,876	1,683	-	3,876	1,683
Entrance fees included in accounts receivable	3,003	1,605	2,429	3,003	1,605	2,429



Front Porch Consolidated Group and Obligated Group
Unit Mix by Community
Quarter Ended September 30

<u>Community Name</u>	<u>City</u>	<u>Type</u>	<u>Residential Living</u>	<u>Memory Care</u>	<u>Care Centers</u>	<u>Total Units/Beds</u>
<i>Obligated Group</i>						
Carlsbad By The Sea	Carlsbad, CA	CCRC	159	**	33	192
Cecil Pines	Jacksonville, FL	Rental	92	**	**	92
England Oaks	Alexandria, LA	Rental	181	**	**	181
Sunny View	Cupertino, CA	CCRC	95	23	48	166
Villa Gardens	Pasadena, CA	CCRC	192	19	54	265
Vista del Monte	Santa Barbara, CA	CCRC	170	10	29	209
Walnut Village	Anaheim, CA	CCRC	156	14	94	264
Wesley Palms	San Diego, CA	Rental	202	22	**	224
Obligated Group Total			1,247	88	258	1,593
<i>Non-Obligated Group</i>						
Casa de Manana	La Jolla, CA	Rental	190	**	**	190
Claremont Manor	Claremont, CA	Rental	205	10	59	274
Fredericka Manor	Chula Vista, CA	Rental	286	**	172	458
Kingsley Manor	Los Angeles, CA	Rental	216	**	51	267
Non-Obligated Group Total			897	10	282	1,189
Consolidated Total			2,144	98	540	2,782

** Not applicable



Front Porch Consolidated Group and Obligated Group
Unit Mix by Community
Year-to-Date Ended September 30

<u>Community Name</u>	<u>City</u>	<u>Type</u>	<u>Residential Living</u>	<u>Memory Care</u>	<u>Care Centers</u>	<u>Total Units/Beds</u>
<i>Obligated Group</i>						
Carlsbad By The Sea	Carlsbad, CA	CCRC	159	**	33	192
Cecil Pines	Jacksonville, FL	Rental	92	**	**	92
England Oaks	Alexandria, LA	Rental	181	**	**	181
Sunny View	Cupertino, CA	CCRC	94	23	48	165
Villa Gardens	Pasadena, CA	CCRC	191	19	54	264
Vista del Monte	Santa Barbara, CA	CCRC	170	10	29	209
Walnut Village	Anaheim, CA	CCRC	156	14	94	264
Wesley Palms	San Diego, CA	Rental	203	22	**	225
Obligated Group Total			1,246	88	258	1,592
<i>Non-Obligated Group</i>						
Casa de Manana	La Jolla, CA	Rental	190	**	**	190
Claremont Manor	Claremont, CA	Rental	204	10	59	273
Fredericka Manor	Chula Vista, CA	Rental	285	**	172	457
Kingsley Manor	Los Angeles, CA	Rental	217	**	51	268
Non-Obligated Group Total			896	10	282	1,188
Consolidated Total			2,142	98	540	2,780

** Not applicable



Front Porch Consolidated Group and Obligated Group
Historical Occupancy
Quarter Ended September 30

Community Name	2015			2016			2017		
	Residential Living	Memory Care	Care Centers	Residential Living	Memory Care	Care Centers	Residential Living	Memory Care	Care Centers
<i>Obligated Group</i>									
Carlsbad By The Sea	97.9%	**	87.9%	97.7%	**	90.9%	96.2%	**	90.9%
Cecil Pines	99.7%	**	**	99.7%	**	**	100.0%	**	**
England Oaks	97.0%	**	**	94.9%	**	**	95.6%	**	**
Sunny View	100.0%	89.7%	92.3%	99.0%	98.7%	89.6%	97.9%	100.0%	87.5%
Villa Gardens	98.6%	**	75.4%	98.6%	96.3%	63.0%	97.4%	100.0%	71.7%
Vista del Monte	98.8%	97.0%	83.8%	95.7%	93.0%	72.4%	88.4%	97.0%	76.9%
Walnut Village	95.3%	100.0%	82.7%	96.3%	87.9%	91.5%	96.0%	100.0%	84.4%
Wesley Palms	89.6%	96.8%	**	83.7%	95.5%	**	78.2%	98.6%	**
Obligated Group Total	96.5%	95.2%	83.7%	95.1%	95.0%	82.9%	92.7%	99.3%	82.3%
<i>Non-Obligated Group</i>									
Casa de Manana	97.6%	**	**	98.4%	**	**	96.5%	**	**
Claremont Manor	96.3%	100.0%	86.4%	89.0%	100.0%	81.9%	96.2%	97.0%	85.3%
Fredericka Manor	84.8%	**	93.2%	92.4%	**	90.7%	91.6%	**	93.8%
Kingsley Manor	99.7%	**	98.0%	98.8%	**	77.1%	99.4%	**	82.4%
Non-Obligated Group Total	93.7%	100.0%	92.7%	94.4%	100.0%	86.4%	95.6%	97.0%	89.9%
Consolidated Total	95.4%	95.8%	88.4%	94.8%	95.5%	84.7%	93.9%	99.1%	86.3%

** Not applicable



**Front Porch Consolidated Group and Obligated Group
Historical Occupancy
Year-to-Date Ended September 30**

Community Name	2015			2016			2017		
	Residential Living	Memory Care	Care Centers	Residential Living	Memory Care	Care Centers	Residential Living	Memory Care	Care Centers
<i>Obligated Group</i>									
Carlsbad By The Sea	97.7%	**	87.0%	97.7%	**	90.0%	96.0%	**	89.4%
Cecil Pines	99.5%	**	**	99.5%	**	**	99.9%	**	**
England Oaks	97.6%	**	**	95.5%	**	**	94.0%	**	**
Sunny View	99.7%	91.0%	92.1%	98.8%	98.7%	90.0%	97.7%	100.0%	86.0%
Villa Gardens	98.4%	**	74.1%	98.9%	97.3%	64.8%	97.7%	97.3%	66.3%
Vista del Monte	98.5%	98.0%	85.2%	94.9%	95.0%	73.4%	89.4%	93.0%	74.1%
Walnut Village	96.6%	100.0%	85.9%	95.5%	87.9%	81.4%	96.2%	100.0%	86.7%
Wesley Palms	89.8%	96.8%	**	86.3%	97.7%	**	78.9%	99.1%	**
Obligated Group Total	96.7%	95.8%	84.6%	95.4%	96.0%	79.7%	92.7%	98.4%	81.2%
<i>Non-Obligated Group</i>									
Casa de Manana	96.8%	**	**	98.1%	**	**	96.6%	**	**
Claremont Manor	95.9%	100.0%	86.9%	91.5%	100.0%	82.7%	96.1%	93.0%	85.3%
Fredericka Manor	83.5%	**	94.0%	90.9%	**	90.9%	91.3%	**	92.9%
Kingsley Manor	99.6%	**	94.5%	99.0%	**	74.9%	99.4%	**	81.4%
Non-Obligated Group Total	92.9%	100.0%	92.6%	94.5%	100.0%	86.3%	95.5%	93.0%	89.2%
Consolidated Total	95.1%	96.4%	88.8%	95.0%	96.4%	83.1%	93.9%	98.0%	85.4%

** Not applicable



Front Porch Consolidated Group and Obligated Group
Care Center Payor Mix and Occupancy
Quarter ended September 30

<u>Payor</u>	<u>Consolidated Group</u>			<u>Obligated Group</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Private Pay	28.6%	29.5%	26.1%	37.2%	37.8%	36.6%
Medi-Cal	39.9%	39.1%	41.5%	27.5%	27.7%	30.4%
Medicare	27.4%	24.6%	25.9%	33.9%	30.2%	30.7%
Managed Care Insurance	4.1%	6.8%	6.5%	1.4%	4.3%	2.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average Beds Available	540	540	540	258	258	258
Occupancy Percentage	88.4%	84.7%	86.3%	83.7%	82.9%	82.3%



Front Porch Consolidated Group and Obligated Group
Care Center Payor Mix and Occupancy
Year-to-Date ended September 30

<u>Payor</u>	<u>Consolidated Group</u>			<u>Obligated Group</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Private Pay	30.2%	31.3%	25.5%	40.6%	40.8%	34.9%
Medi-Cal	40.4%	37.3%	41.3%	25.7%	25.8%	30.0%
Medicare	25.3%	24.4%	25.6%	31.9%	30.2%	30.9%
Managed Care Insurance	4.1%	7.0%	7.6%	1.8%	3.2%	4.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average Beds Available	540	540	540	258	258	258
Occupancy Percentage	88.8%	83.1%	85.4%	84.6%	79.7%	81.2%



Front Porch Consolidated Group
Management's Discussion
Quarter ended June 30

UNAUDITED DRAFT NUMBERS

Results of Operations - Consolidated

Residential living occupancy declined from 94.8% for Q2 FY17 to 93.9% for Q2 FY18 primarily due to Wesley Palms and Vista del Monte. Note: Wesley Palms is undergoing a major renovation and is not expected to be completed until mid-2019. Summer House occupancy improved from 95.5% for Q2 FY17 to 99.1% for Q2 FY18 primarily due to Walnut Village. Care Center occupancy improved from 84.7% for Q2 FY17 to 86.3% for Q2 FY18 with nice improvements being made at Villa Gardens and Kingsley Manor.

Care Center payor mix continues to be a challenging area for the company. Comparing Q2 FY17 to Q2 FY18, Private pay decreased from 29.5% to 26.1%. Medi-Cal and managed care combined increased from 45.9% to 48.0%. Medicare increased from 24.6% to 25.9%. The average available beds remained flat at 540 from Q2 FY17 to Q2 FY18.

Resident and net patient service revenue, net of the provision for uncollectible accounts, increased from \$45.9M for Q2 FY17 to \$47.2M for Q2 FY18, a 2.8% improvement. Amortization of entrance fees declined from \$2.7M for Q2 FY17 to \$2.2M for Q2 FY18, a 17.3% decrease. Total unrestricted revenues, gains and other support improved from \$48.9M for Q2 FY17 to \$49.7M for Q2 FY18, a 1.6% increase.

Total operating expenses increased 2.5% from \$48.8M for Q2 FY17 to \$50.0M for Q2 FY18.

Operating income decreased from a gain of \$0.1M for Q2 FY17 to a loss of \$0.7M for Q2 FY18.



Front Porch Consolidated Group
Management's Discussion
Fiscal Year ended June 30

UNAUDITED DRAFT NUMBERS

Results of Operations - Consolidated

Residential living occupancy declined from 95.0% for September 2016 year to date to 93.9% for September 2017 year to date primarily due to Wesley Palms and Vista del Monte. Note: Wesley Palms is undergoing a major renovation and is not expected to be completed until mid-2019. Summer House occupancy improved from 96.4% for September 2016 year to date to 98.0% for September 2017 year to date primarily due to Walnut Village. Care Center occupancy improved from 83.1% for September 2016 year to date to 85.4% for September 2017 year to date with nice improvements being made at Walnut Village and Kingsley Manor.

Care Center payor mix continues to be a challenging area for the company. Comparing September 2016 year to date to September 2017 year to date, Private pay decreased from 31.3% to 25.5%. Medi-Cal and managed care combined increased from 41.3% to 48.8%. Medicare increased from 24.4% to 25.6%. The average available beds remained flat at 540 from September 2016 year to date compared with September 2017 year to date.

Resident and net patient service revenue, net of the provision for uncollectible accounts, increased from \$96.3M for September 2016 year to date to \$99.2M for September 2017 year to date, a 3.0% improvement. Amortization of entrance fees declined from \$4.9M for September 2016 year to date to \$4.5M for September 2017 year to date, an 8.1% decrease. Total unrestricted revenues, gains and other support improved from \$96.3M for September 2016 year to date to \$99.1M for September 2017 year to date, a 3.0% increase.

Total operating expenses increased 3.6% from \$95.8M for September 2016 year to date to \$99.3M for September 2017 year to date.

Operating income decreased from a gain of \$0.5M for September 2016 year to date to a loss of \$0.5M for September 2017 year to date.

Balance sheet and cash flow – Consolidated

Total assets increased \$7.0M, from \$678.0 million at 9/30/16 to \$685.0 million at 9/30/17. Cash and short-term investments increased \$12.9 million, from \$24.5M at 9/30/16 to \$37.4M at 9/30/17. Long term investments decreased by \$3.0 million, from \$258.1 million at 9/30/16 to \$255.1 million at 9/30/17. Property and Equipment, Net increased by \$18.7 million from \$313.9 million at 9/30/16 to 332.6 million at 9/30/17, reflecting continued investment in Wesley Palms. Long term debt decreased by \$16.0 million, from \$282.9 million at 9/30/16 to \$266.9 million at 9/30/17, due to refinancing the Series 2007 and Series 2012 debt while paying off the 1999 COPs and Series 1999A debt. Net assets increased by \$25.1 million, from \$219.7 million at 9/30/16 to \$244.7 million at 9/30/17, driven primarily by positive investment returns.

Cash decreased by \$2.0 million, from \$17.9 million at 9/30/16 to \$15.9 million at 9/30/17, due primarily to investing activities. Capital expenditures at 9/30/17 were \$25.2 million reflecting continued investment in our communities led by Wesley Palms and Villa Gardens. Cash provided by operating activities were \$16.3 million at 9/30/17 compared to \$25.2 million at 9/30/16.