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July 23, 2018

This Continuing Disclosure Annual 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 Annual Report

Front Porch’s Continuing Disclosure Annual Report is attached hereto and contains the consolidated financial statements of Front Porch and affiliates for the fiscal year-to-date period ended March 31, 2018, 2017, and 2016. The Annual Report also contains the financial statements for the Obligated Group for the fiscal year-to-date period ended March 31, 2018, 2017, and 2016.

This Annual Report is provided solely pursuant to the continuing disclosure certificates relating to the above-referenced Bonds. The filing of this Annual 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 Annual Report relates (other than as contained in this Annual Report), or any other date specified with respect to any of the information contained in this Annual 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 Annual Report has been obtained from sources which are believed to be reliable. No statement in this Annual 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



Consolidated and Obligated Group Annual Report

Twelve Months Ended March 31, 2018

(Audited)



Statements of Operations
Twelve Months Ended March 31
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	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Unrestricted Revenues, Gains and Other Support						
Resident and patient service revenue (net of contractual discounts and allowances)	180,862	184,368	191,959	104,253	104,407	107,618
Provision for uncollectible accounts	(1,676)	(555)	(1,968)	(454)	(503)	(1,115)
Resident and net patient service revenue less provision for uncollectible accounts	179,186	183,813	189,991	103,799	103,904	106,503
Amortization of entrance fees	10,884	10,103	9,437	10,875	10,095	9,425
Other	489	683	1,147	4,829	5,261	5,911
Net assets released from restriction used for operations	820	841	915	779	806	878
Total unrestricted revenues, gains and other support	191,379	195,440	201,490	120,282	120,066	122,717
Expenses						
Medical services	46,808	47,612	50,748	26,751	27,584	28,640
Communities operating costs	19,099	19,141	20,116	11,326	11,328	11,851
Dietary services	28,590	29,486	31,695	16,616	17,152	18,332
Residential services	15,518	15,920	16,928	9,225	9,618	10,244
Administrative services	41,672	42,521	41,518	32,557	33,234	32,533
Depreciation	24,553	24,641	26,499	15,819	15,897	17,676
Amortization of deferred costs	1,374	1,362	1,218	1,153	1,147	1,008
Interest expense and other financing costs	9,422	9,786	9,406	4,823	5,363	5,158
Other	2,198	2,087	2,125	1,571	1,676	1,560
Total Expenses	189,234	192,556	200,253	119,841	122,999	127,002
Operating Income (Loss) Before Other Operating Charges	2,145	2,884	1,237	441	(2,933)	(4,285)
Other Operating Charges						
Asset Impairment	(652)	(356)	(483)	(652)	(356)	(483)
Operating Income (Loss)	1,493	2,528	754	(211)	(3,289)	(4,768)
Other Income (Expense)						
Investment return	(7,578)	20,546	19,689	(7,588)	20,535	19,672
Loss on extinguishment of debt	-	-	(2,937)	-	-	(2,937)
Total other income (expense)	(7,578)	20,546	16,752	(7,588)	20,535	16,735
Excess (Deficiency) of Revenue Over Expenses	(6,085)	23,074	17,506	(7,799)	17,246	11,967
Contributions to affiliates	-	-	-	(222)	6,613	(310)
Net assets released from restriction used for purchase of property and equipment	171	244	217	144	41	112
Increase (Decrease) in Unrestricted Net Assets	\$ (5,914)	\$ 23,318	\$ 17,723	\$ (7,877)	\$ 23,900	\$ 11,769



Balance Sheets

At March 31

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	Consolidated			Obligated Group		
	2016	2017	2018	2016	2017	2018
Assets						
Current Assets						
Cash and cash equivalents	\$19,906	\$16,317	\$13,025	\$13,549	\$11,837	\$6,543
Short-term investments	6,680	11,330	10,820	6,680	11,330	10,820
Assets limited as to use - required for current liabilities	11,564	12,619	9,550	9,441	10,616	8,371
Patient accounts receivable, net	13,023	9,866	10,734	7,423	6,609	7,272
Prepaid expenses and other	2,463	2,473	2,442	1,936	1,893	1,898
Intercompany receivables				738	330	3,319
Total current assets	53,636	52,605	46,571	39,767	42,615	38,223
Investments						
Assets limited as to use, net of current portion	16,325	15,923	4,015	12,432	12,027	118
Long-term investments	238,598	272,720	279,581	238,598	272,720	279,581
Derivative instruments	8,331	5,130	265	8,331	5,130	265
Total investments	263,254	293,773	283,861	259,361	289,877	279,964
Property and Equipment, Net	303,342	324,740	346,728	233,001	255,082	273,452
Other Assets						
Interest in net assets of Pacific Homes Foundation	10,475	11,618	12,332	10,475	11,618	12,332
Receivables from supporting organizations	10,617	11,644	11,813	10,617	11,644	11,813
Other receivables	1,813	1,822	1,738	1,813	1,822	1,738
Deferred costs, net	1,992	1,328	664	1,267	1,328	664
Other assets	414	623	414	-	209	-
Total other assets	25,311	27,035	26,961	24,172	26,621	26,547
Total assets	\$645,543	\$698,153	\$704,121	\$556,301	\$614,195	\$618,186
Liabilities and Net Assets						
Current Liabilities						
Current maturities of long-term debt	\$5,887	\$6,111	\$3,178	\$2,920	\$3,040	-
Account payable	9,002	8,234	6,987	6,824	6,367	5,173
Accrued payroll and related expenses	13,413	12,713	12,475	9,418	8,661	8,521
Intercompany payables						
Accrued interest	3,526	3,601	3,138	3,220	3,304	2,849
Other accrued expenses	10,677	12,412	14,315	9,682	11,460	13,965
Total current liabilities	42,505	43,071	40,093	32,064	32,832	30,508
Asset retirement obligations	2,188	2,210	2,147	228	235	243
Accrued workers compensation	9,763	9,449	8,716	5,496	6,173	5,837
Other accrued liabilities	14,833	17,629	21,037	11,630	14,363	17,646
Deferred interest - forward sale agreements	1,036	1,232	-	1,036	1,232	-
Refundable entrance fees	66,830	71,503	71,076	66,830	71,503	70,493
Deferred revenue from entrance fees	36,462	36,143	37,639	35,836	35,524	37,615
Long-term debt	266,940	286,325	274,224	157,570	180,535	171,402
Total liabilities	440,557	467,562	454,932	310,690	342,397	333,744
Net Assets:						
Unrestricted	184,425	207,743	225,466	225,050	248,950	260,719
Temporarily restricted	14,239	15,944	16,744	14,239	15,944	16,744
Permanently restricted	6,322	6,904	6,979	6,322	6,904	6,979
Total net assets	204,986	230,591	249,189	245,611	271,798	284,442
Total liabilities and net assets	\$645,543	\$698,153	\$704,121	\$556,301	\$614,195	\$618,186



Statements of Changes in Net Assets
Twelve Months Ended March 31
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	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Unrestricted Net Assets						
Excess (deficiency) of revenues over expenses	\$ (6,085)	\$23,074	\$17,506	\$ (7,799)	\$17,246	\$11,967
Contributions to affiliates	-	-	-	(222)	6,613	(310)
Net assets released from restriction used for purchase of property and equipment	171	244	217	144	41	112
Increase (decrease) in unrestricted net assets	(5,914)	23,318	17,723	(7,877)	23,900	11,769
Temporarily Restricted Net Assets						
Contributions received and investment income	120	1,459	1,163	68	1,409	1,021
Change in interest in net assets of Pacific Home Foundation	(558)	1,331	769	(574)	1,143	769
Net assets released from restriction for operations	(820)	(841)	(915)	(779)	(806)	(878)
Net assets released from restriction used for purchase of property and equipment	(171)	(244)	(217)	(144)	(41)	(112)
Increase (decrease) in temporarily restricted net assets	(1,429)	1,705	800	(1,429)	1,705	800
Permanently Restricted Net Assets						
Contributions received	103	54	-	103	54	-
Change in value of trust	(220)	528	75	(220)	528	75
Increase (decrease) in permanently restricted net assets	(117)	582	75	(117)	582	75
Change in Net Assets	(7,460)	25,605	18,598	(9,423)	26,187	12,644
Net Assets, Beginning of Year	212,446	204,986	230,591	255,034	245,611	271,798
Net Assets, End of Year	<u>\$204,986</u>	<u>\$230,591</u>	<u>\$249,189</u>	<u>\$245,611</u>	<u>\$271,798</u>	<u>\$284,442</u>



Statements of Cash Flows
Twelve Months Ended March 31
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	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating Activities						
Cash received from contract residents	\$44,079	\$46,172	\$42,464	\$43,977	\$45,910	\$42,269
Proceeds from entrance fees received	21,555	25,490	21,048	21,555	25,490	21,048
Cash received from and on behalf of noncontract residents	132,987	135,044	145,011	59,254	55,799	63,869
Reimbursement for services to nonresidents	2,453	3,748	3,264	1,274	1,003	1,318
Other receipts from operations	489	683	1,148	4,829	5,261	5,911
Unrestricted investment income received	6,388	6,897	8,565	6,378	6,887	8,547
Processing fees	198	60	76	198	60	76
Cash paid to suppliers, employees and others	(153,996)	(156,908)	(164,227)	(98,530)	(99,621)	(105,999)
Cash paid for interest on long-term debt, net of amounts capitalized	(9,329)	(9,669)	(10,065)	(4,791)	(5,303)	(5,824)
Net cash provided by operating activities	<u>44,824</u>	<u>51,517</u>	<u>47,284</u>	<u>34,144</u>	<u>35,486</u>	<u>31,215</u>
Investing Activities						
Capital expenditures	(33,866)	(47,257)	(49,390)	(27,283)	(38,885)	(37,466)
Proceeds from sale of trading investments	99,719	131,701	166,801	99,719	131,701	166,801
Purchase of trading investments	(125,513)	(151,763)	(165,574)	(125,513)	(151,763)	(165,574)
Purchase of assets limited as to use	(4,507)	(2,837)	(3,277)	(3,276)	(1,512)	(2,944)
Proceeds from sale of assets limited as to use	4,796	2,184	18,254	2,810	742	17,098
Proceeds from termination of derivative financial instrument	-	-	7,130	-	-	7,130
Repayment from (advances to) Brookmore Apartment Corporations	600	(209)	209	600	(209)	209
Net cash used in investing activities	<u>(58,771)</u>	<u>(68,181)</u>	<u>(25,847)</u>	<u>(52,943)</u>	<u>(59,926)</u>	<u>(14,746)</u>
Financing Activities						
Refunds of entrance fees	(7,644)	(6,112)	(8,533)	(7,643)	(6,113)	(8,533)
Principal payments on long-term debt	(5,687)	(5,887)	(5,506)	(2,820)	(2,920)	(2,435)
Principal payments on refinancing of long-term debt	-	-	(138,460)	-	-	(138,460)
Proceeds from refinancing 2015 debt issuance	16,868	24,830	20,993	16,868	24,830	20,993
Proceeds from Series 2017A, & 2017B financing, net of issuance cost	-	-	106,560	-	-	106,560
Proceeds from contributions for purchases of property and equipment	171	244	217	144	41	112
Contributions from Affiliates	-	-	-	-	6,890	-
Net cash provided by financing activities	<u>3,708</u>	<u>13,075</u>	<u>(24,729)</u>	<u>6,549</u>	<u>22,728</u>	<u>(21,763)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(10,239)</u>	<u>(3,589)</u>	<u>(3,292)</u>	<u>(12,250)</u>	<u>(1,712)</u>	<u>(5,294)</u>
Cash and Cash Equivalents, Beginning of Year	<u>30,145</u>	<u>19,906</u>	<u>16,317</u>	<u>25,799</u>	<u>13,549</u>	<u>11,837</u>
Cash and Cash Equivalents, End of Year	<u>\$19,906</u>	<u>\$16,317</u>	<u>\$13,025</u>	<u>\$13,549</u>	<u>\$11,837</u>	<u>\$6,543</u>
Supplemental Cash Flows Information						
Property and equipment purchase included in accounts payable and other accrued expenses	6,744	5,860	5,429	4,296	3,514	4,388
Entrance fees included in accounts receivable	3,299	1,355	3,050	3,299	1,355	3,050



Average Available Units / Beds
Twelve Months Ended March 31, 2018

<u>Community Name</u>	<u>City</u>	<u>Type</u>	<u>Residential</u> <u>Living</u>	<u>Memory</u> <u>Care</u>	<u>Care</u> <u>Centers</u>	<u>Total</u> <u>Units/Beds</u>
<i>Obligated Group Communities</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	190	19	54	263
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	206	22	**	228
Subtotal			1,248	88	258	1,594
<i>Non-Obligated Group Communities</i>						
Casa de Manana	La Jolla, CA	Rental	189	**	**	189
Claremont Manor	Claremont, CA	Rental	209	10	59	278
Fredericka Manor	Chula Vista, CA	Rental	286	**	172	458
Kingsley Manor	Los Angeles, CA	Rental	218	**	51	269
Subtotal			902	10	282	1,194
Total All Communities			2,150	98	540	2,788

** Not applicable



**Historical Average Occupancy
Twelve Months Ended March 31**

Community Name	2016			2017			2018		
	Residential Living	Memory Care	Care Centers	Residential Living	Memory Care	Care Centers	Residential Living	Memory Care	Care Centers
<i>Obligated Group Communities</i>									
Carlsbad By The Sea	97.5%	**	87.9%	98.0%	**	91.8%	97.2%	**	90.6%
Cecil Pines	99.5%	**	**	99.6%	**	**	99.8%	**	**
England Oaks	96.5%	**	**	95.2%	**	**	94.0%	**	**
Sunny View	99.1%	93.7%	91.7%	98.4%	97.8%	91.3%	97.7%	99.1%	86.0%
Villa Gardens	98.3%	100.0%	74.1%	98.9%	96.3%	65.7%	98.6%	97.9%	74.1%
Vista del Monte	98.0%	98.0%	82.8%	95.7%	95.0%	75.2%	87.8%	97.0%	57.9%
Walnut Village	95.1%	99.3%	84.0%	95.7%	93.6%	88.6%	96.3%	100.0%	89.7%
Wesley Palms	89.8%	97.7%	**	82.7%	97.7%	**	79.8%	97.7%	**
Subtotal	96.2%	96.9%	83.3%	94.9%	96.5%	83.2%	92.9%	98.4%	82.3%
<i>Non-Obligated Group Communities</i>									
Casa de Manana	97.0%	**	**	97.8%	**	**	97.4%	**	**
Claremont Manor	96.3%	99.0%	83.1%	91.7%	99.0%	81.9%	94.0%	94.0%	85.6%
Fredericka Manor	87.4%	**	93.0%	91.6%	**	92.0%	90.6%	**	91.9%
Kingsley Manor	99.4%	**	90.2%	99.1%	**	79.0%	99.2%	**	85.9%
Subtotal	96.0%	99.0%	90.6%	94.7%	99.0%	87.5%	94.9%	94.0%	89.5%
All Communities	95.5%	97.2%	87.1%	94.8%	96.8%	85.5%	93.7%	98.0%	86.1%

** Not applicable



Care Center Payor Mix and Occupancy
Twelve Months Ended March 31

Payor	Consolidated			Obligated Group		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Private Pay	31.3%	28.1%	24.6%	40.8%	37.1%	33.3%
Medi-Cal ⁽¹⁾	38.5%	38.5%	41.6%	24.5%	26.5%	29.9%
Medicare	25.0%	25.8%	25.6%	31.9%	31.5%	31.6%
Managed Care	5.2%	7.6%	8.2%	2.8%	4.9%	5.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average Beds Available	540	540	540	258	258	258
Average Occupancy	87.1%	85.5%	86.4%	83.3%	83.2%	82.6%

⁽¹⁾ Includes Medi-Cal Managed Care



Historical Debt Service Coverage Ratios

Twelve Months Ended March 31

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	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Excess of Revenues over Expenses	(6,085)	23,074	17,506	(7,799)	17,246	11,967
Additions:						
Depreciation	24,553	24,641	26,499	15,819	15,897	17,676
Amortization of Deferred Costs	1,374	1,362	1,218	1,153	1,147	1,008
Interest Expense	9,422	9,786	9,406	4,823	5,363	5,158
Entrance Fees Received	21,555	25,490	21,048	21,555	25,490	21,048
Unrealized Losses (Gains)	15,102	(5,093)	(895)	15,102	(5,093)	(895)
Asset Impairment	652	356	483	652	356	483
Loss on Extinguishment of Debt	-	-	2,937	-	-	2,937
Deductions:						
Refunds of Entrance Fees	(7,643)	(6,112)	(8,533)	(7,643)	(6,113)	(8,533)
Amortization of Entrance Fees	(10,884)	(10,103)	(9,437)	(10,875)	(10,095)	(9,425)
Amortization of Deferred Interest Income	(437)	(437)	(109)	(437)	(437)	(109)
Total Income Available for Debt Service	47,609	62,964	60,123	32,350	43,761	41,315
 Annual Debt Service	 15,087	 15,599	 14,890	 7,621	 8,275	 7,586
 Debt Service Coverage ratios	 3.16	 4.04	 4.04	 4.24	 5.29	 5.45



Historical Days Cash on Hand
At March 31
000's

	Consolidated			Obligated Group		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Cash and cash equivalents	19,906	16,317	13,025	13,549	11,837	6,543
Short term investment	6,680	11,330	10,820	6,680	11,330	10,820
Long term investment	238,598	272,720	279,581	238,598	272,720	279,581
Total Unrestricted Cash & Investment	265,184	300,367	303,426	258,827	295,887	296,944
Operating expenses before redevelopment costs	189,234	192,556	200,253	119,841	122,999	127,002
Less: depreciation	(24,553)	(24,641)	(26,499)	(15,819)	(15,897)	(17,676)
Less: amortization of deferred cost	(1,374)	(1,362)	(1,218)	(1,153)	(1,147)	(1,008)
Operating Expenses Less Depreciation & Amortization of Deferred Cost	163,307	166,553	172,536	102,869	105,955	108,318
Divided # days per year	366	365	365	366	365	365
Daily Average Operating Expense Excl. Depr. & Amort. of Deferred Costs	446	456	473	281	290	297
Days Cash on Hand	594	658	642	921	1,019	1,001



Historical Cash to Debt
At March 31
000's

	Consolidated			Obligated Group		
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Cash and cash equivalents	19,906	16,317	13,025	13,549	11,837	6,543
Short term investment	6,680	11,330	10,820	6,680	11,330	10,820
Long term investment	238,598	272,720	279,581	238,598	272,720	279,581
Total Unrestricted Cash & Investment	265,184	300,367	303,426	258,827	295,887	296,944
 Long Term Indebtedness	 279,882	 298,793	 283,501	 164,979	 186,857	 174,636
 Cash to Debt ratio	 0.95	 1.01	 1.07	 1.57	 1.58	 1.70



**Management's Discussion
Twelve Months Ended March 31**

**Results of Operations ⁽¹⁾ – Consolidated: Twelve Months Ended March 31, 2018
Compared to Twelve Months Ended March 31, 2017**

Residential Living occupancy declined slightly from 94.8% for FY17 to 93.7% for FY18 primarily due to lower occupancy at Vista del Monte and Wesley Palms. Wesley Palms is undergoing a major renovation which will decrease capacity as units have been taken offline to accommodate a phased redevelopment. Upon completion of the project, residential living will increase capacity from 150 independent living cottages to 170 patio homes. The Wesley Palms project is expected to be completed by April 2019.

Summer House[®] occupancy improved slightly from 96.8% for FY17 to 98.0% for FY18 reflecting continued strong demand particularly at Wesley Palms and Walnut Village. The company continues to explore Summer House opportunities at other campuses with Fredericka Manor just completing a Summer House addition in June 2018

Care Center occupancy improved slightly from 85.5% for FY17 to 86.1% for FY18 led by Villa Gardens, Kingsley Manor and Claremont Manor. The occupancy improvements helped to offset lower occupancy at Vista del Monte due to the closure of the care center. In November 2017, management announced plans to close the 29-bed Care Center at Vista del Monte and convert the space to add Summer House[®] capacity. Changes in Care Center payer mix reflect a shift as census declines in Private pay and Medicare while Medi-Cal and Managed Care census continues to increase. Average available beds remain unchanged for FY18 when compared with FY17.

Resident and net patient service revenue, net of the provision for uncollectible accounts, increased from \$183.8M for FY17 to \$190.0M for FY18, a 3.4% improvement. Amortization of entrance fees declined from \$10.1M for FY17 to \$9.4M for FY18. Total unrestricted revenues, gains and other support improved from \$195.4M for FY17 to \$201.5M for FY18, a 3.1% increase.

Total operating expenses less other operating charges increased from \$192.6M for FY17 to \$200.3M for FY18, a 4.0% increase. Operating income declined from \$2.5M for FY17 to \$0.8M for FY18. Operating results reflected continued wage and salary pressures at most communities. Additionally, FY18 operating results include a \$3.3M workers compensation credit booked in March 2018 and a \$2.3M proposed settlement of two class action lawsuits filed against Front Porch over alleged “meal and rest break” violations. This expense is reflected in “administrative services”.



**Management's Discussion
Twelve Months Ended March 31**

Balance sheet and cash flow – Consolidated: March 31, 2018 Compared to March 31, 2017

Total assets increased from \$698.2M at March 31, 2017 to \$704.1M at March 31, 2018. Cash and cash equivalent plus short term investments decreased from \$27.6M at March 31, 2017 to \$23.8M at March 31, 2018. Long term investments grew slightly from \$272.7M at March 31, 2017 to \$279.6M at March 31, 2018. Property and Equipment, Net increased from \$324.7M at March 31, 2017 to \$346.7M at March 31, 2018 reflecting continued capital improvements including the redevelopment at Wesley Palms. Long term debt declined from \$286.3M at March 31, 2017 to \$274.2M at March 31, 2018, reflecting the debt restructuring completed in Q2 FY18. Net assets increased from \$230.6M at March 31, 2017 to \$249.2M at March 31, 2018, driven primarily by strong investment income.

Cash provided by operating activities declined from \$51.5M at March 31, 2017 to \$47.3M at March 31, 2018. Capital expenditures increased from \$47.3M at March 31, 2017 to \$49.4M at March 31, 2018 reflecting continued capital investments for our communities. Principal payments on long term debt declined from \$5.9M at March 31, 2017 to \$5.5M at March 31, 2018 due to the debt restructuring completed in Q2 FY18. Cash and cash equivalents declined from \$16.3M at March 31, 2017 to \$13.0M at March 31, 2018.

Note:

- (1) Front Porch refers to independent and assisted living units as “Residential Living” units. Memory support units are collectively referred to by the brand name “Summer House®.” Skilled-nursing beds are collectively referred to as “Care Center” beds.