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August 10, 2020

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 June 30, 2020, 2019, and 2018. The Quarterly Report also contains the unaudited financial statements for the Obligated Group for the fiscal quarter and year-to-date period ended June 30, 2020, 2019, and 2018.

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



Consolidated and Obligated Group Financial Results
Quarter & Three Months Ended June 30, 2020
(Unaudited)



Statements of Operations
Quarter ended June 30
000's

	Consolidated			Obligated Group		
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues, Gains and Other Support Without Donor Restrictions						
Resident and patient service revenue	48,754	51,584	47,241	27,143	29,056	26,507
Amortization of entrance fees	2,167	2,543	2,589	2,166	2,543	2,588
Other	50	70	345	1,279	1,567	1,389
Net assets released from restrictions used for operations	131	134	114	123	122	114
Total revenues, gains and other support without donor restrictions	51,102	54,331	50,289	30,711	33,288	30,598
Expenses						
Medical services	12,435	13,141	11,949	6,839	7,152	6,388
Communities operating costs	4,873	5,038	4,844	2,902	2,969	2,824
Dietary services	7,892	8,558	8,040	4,657	4,989	4,638
Residential services	4,269	4,486	4,328	2,635	2,648	2,530
Administrative services	11,292	11,178	10,688	8,311	8,310	7,844
Depreciation	6,928	7,465	8,129	4,714	5,215	5,741
Amortization of deferred costs	289	124	124	236	72	72
Interest expense and other financing costs	2,252	2,471	2,408	1,194	1,434	1,417
Other	599	479	723	442	291	478
Total Expenses	50,829	52,940	51,233	31,930	33,080	31,932
Operating Income (Loss) Before Other Operating Charges	273	1,391	(944)	(1,219)	208	(1,334)
Other Operating Charges						
Unusual Operating Cost	-	-	(2,488)	-	-	(1,796)
Unusual Operating Income	-	-	2,488	-	-	2,488
Operating Income (Loss)	273	1,391	(944)	(1,219)	208	(642)
Other Income						
Investment return, net	6,198	8,018	45,273	6,193	8,008	45,265
Total other income (expense)	6,198	8,018	45,273	6,193	8,008	45,265
Excess of Revenues Over Expenses	6,471	9,409	44,329	4,974	8,216	44,623
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	123	45	6	123	20	6
Increase in Net Assets Without Donor Restrictions	\$ 6,594	\$ 9,454	\$ 44,335	\$ 5,097	\$ 8,236	\$ 44,629



Statements of Operations
Three Months Ended June 30
000's

	Consolidated			Obligated Group		
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
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Balance Sheets

At June 30

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	Consolidated			Obligated Group		
	2018	2019	2020	2018	2019	2020
Assets						
Current Assets						
Cash and cash equivalents	\$7,735	\$5,415	\$19,945	\$5,174	\$4,229	\$8,220
Short-term investments	10,733	8,493	8,324	10,733	8,493	8,324
Assets limited as to use - required for current liabilities	7,910	8,448	3,092	7,085	7,654	2,405
Resident and patient accounts receivable	9,804	8,664	5,628	6,434	5,160	2,229
Prepaid expenses and other	4,231	4,797	6,139	3,555	4,050	5,247
Intercompany receivables	-	-	-	1,303	1,257	13,383
Total current assets	40,413	35,817	43,128	34,284	30,843	39,808
Investments						
Assets limited as to use, net of current portion	5,713	4,022	3,997	1,526	1	1
Long-term investments	285,825	305,191	302,613	285,825	305,191	302,613
Derivative instruments	237	36	26	237	36	26
Total investments	291,775	309,249	306,636	287,588	305,228	302,640
Property and Equipment, Net	350,897	365,149	371,247	276,608	287,837	290,427
Other Assets						
Interest in net assets of Pacific Homes Foundation	12,332	12,649	10,780	12,332	12,649	10,780
Receivables from supporting organizations	12,149	12,984	13,170	12,149	12,984	13,170
ROU assets - operating leases	-	-	7,682	-	-	6,822
Other receivables	1,738	1,582	1,350	1,738	1,582	1,350
Deferred costs, net	498	-	-	498	-	-
Other assets	414	814	414	-	400	-
Total other assets	27,131	28,029	33,396	26,717	27,615	32,122
Total assets	710,216	738,244	754,407	625,197	651,523	664,997
Liabilities and Net Assets						
Current Liabilities						
Current maturities of long-term debt	\$3,143	\$5,134	\$4,351	-	2,034	\$1,195
Current portion of operating lease liabilities	\$0	\$0	\$1,755	-	-	\$1,364
Account payable	4,150	4,382	4,369	3,250	3,140	3,087
Accrued payroll and related expenses	12,023	12,263	14,900	8,452	8,516	11,164
Accrued interest	1,688	1,450	1,426	1,401	1,173	1,157
Other accrued expenses	13,322	12,816	14,042	12,955	12,232	13,424
Total current liabilities	34,326	36,045	40,843	26,058	27,095	31,391
Asset retirement obligations	2,141	2,149	2,058	234	223	230
Accrued workers compensation	8,716	8,393	6,991	5,837	5,851	5,747
Operating lease liabilities	-	-	7,123	-	-	6,654
Other accrued liabilities	21,235	24,002	32,733	17,899	20,499	29,330
Refundable entrance fees	72,706	71,179	62,852	72,479	70,951	62,624
Deferred revenue from entrance fees	38,045	39,542	40,489	38,022	39,524	40,474
Long-term debt	277,095	282,170	285,328	174,970	182,997	189,101
Total liabilities	454,264	463,480	478,417	335,499	347,140	365,551
Net Assets:						
Without donor restrictions	232,061	249,677	252,506	265,815	279,303	275,962
With donor restrictions	23,891	25,087	23,484	23,883	25,080	23,484
Total net assets	255,952	274,764	275,990	289,698	304,383	299,446
Total liabilities and net assets	\$710,216	\$738,244	\$754,407	\$625,197	\$651,523	\$664,997



Statements of Changes in Net Assets
Quarter ended June 30
000's

	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net Assets Without Donor Restrictions						
Excess of revenues over expenses	\$6,471	\$9,409	\$44,329	\$4,974	\$8,216	\$44,623
Net assets released from restriction used for purchase of property and equipment	123	45	6	123	20	6
Increase in net assets without donor restrictions	<u>6,594</u>	<u>9,454</u>	<u>44,335</u>	<u>5,097</u>	<u>8,236</u>	<u>44,629</u>
Net Assets With Donor Restrictions						
Contributions received and investment income	423	610	1,131	405	566	1,129
Net assets released from restrictions used for operations	(131)	(134)	(114)	(123)	(122)	(114)
Net assets released from restrictions used for purchase of property and equipment	(123)	(45)	(6)	(123)	(20)	(6)
Increase (decrease) in net assets with donor restrictions	<u>169</u>	<u>431</u>	<u>1,011</u>	<u>159</u>	<u>424</u>	<u>1,009</u>
Change in Net Assets	6,763	9,885	45,346	5,256	8,660	45,638
Net Assets, Beginning of Year	249,189	264,879	230,644	284,442	295,723	253,808
Net Assets, End of Year	<u>\$255,952</u>	<u>\$274,764</u>	<u>\$275,990</u>	<u>\$289,698</u>	<u>\$304,383</u>	<u>\$299,446</u>



Statements of Changes in Net Assets
Three Months Ended June 30
000's

	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net Assets Without Donor Restrictions						
Excess of revenues over expenses	\$6,471	\$9,409	\$44,329	\$4,974	\$8,216	\$44,623
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Statement of Cash Flows
Three Months Ended June 30
000's

	Consolidated			Obligated Group		
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Activities						
Cash received from contract residents	\$10,642	\$11,378	\$10,882	\$10,512	\$11,320	\$10,845
Proceeds from entrance fees received	6,303	5,944	1,815	6,303	5,944	1,815
Cash received from and on behalf of noncontract residents	37,829	39,859	36,812	16,911	17,703	16,372
Reimbursement for services to nonresidents	946	834	614	308	257	241
Other receipts from operations	50	70	345	1,278	1,567	1,389
Unrestricted investment income received	2,168	2,013	1,612	2,163	2,003	1,604
Processing fees	25	16	9	25	16	9
Cash paid to suppliers, employees and others	(46,341)	(45,586)	(41,926)	(28,343)	(29,735)	(33,129)
Cash paid for interest on long-term debt, net of amounts capitalized	(3,772)	(3,637)	(3,506)	(2,730)	(2,628)	(2,529)
Net cash provided by operating activities	<u>7,850</u>	<u>10,891</u>	<u>6,657</u>	<u>6,427</u>	<u>6,447</u>	<u>(3,383)</u>
Investing Activities						
Capital expenditures	(12,385)	(13,199)	(7,553)	(8,117)	(10,033)	(4,311)
Proceeds from sale of trading investments	32,859	36,227	35,053	32,859	36,227	35,053
Purchase of trading investments	(34,502)	(37,556)	(38,054)	(34,502)	(37,556)	(38,054)
Purchase of assets limited as to use	(1,933)	(1,840)	(841)	(3,160)	(1,162)	(249)
Proceeds from sale of assets limited as to use	1,876	4,161	6,996	3,038	3,503	6,257
Repayment from (advances to) Brookmore Apartment Corporation	-	(75)	-	-	(75)	-
Net cash used in investing activities	<u>(14,085)</u>	<u>(12,282)</u>	<u>(4,399)</u>	<u>(9,882)</u>	<u>(9,096)</u>	<u>(1,304)</u>
Financing Activities						
Refunds of entrance fees	(1,858)	(4,563)	(2,195)	(1,502)	(4,563)	(2,195)
Principal payments on long-term debt	(785)	(1,577)	(1,748)	-	(765)	(975)
Proceeds from Series 2015 debt issuance	3,586	-	-	3,586	-	-
Proceeds from Series 2017A and 2017B debt issuance	2	2,082	2,285	2	2,082	2,285
Net cash provided by (used in) financing activities	<u>945</u>	<u>(4,058)</u>	<u>(1,658)</u>	<u>2,086</u>	<u>(3,246)</u>	<u>(885)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(5,290)</u>	<u>(5,449)</u>	<u>600</u>	<u>(1,369)</u>	<u>(5,895)</u>	<u>(5,572)</u>
Cash and Cash Equivalents, Beginning of Year	<u>13,025</u>	<u>10,864</u>	<u>19,345</u>	<u>6,543</u>	<u>10,124</u>	<u>13,792</u>
Cash and Cash Equivalents, End of Year	<u>\$7,735</u>	<u>\$5,415</u>	<u>\$19,945</u>	<u>\$5,174</u>	<u>\$4,229</u>	<u>\$8,220</u>
Supplemental Cash Flows Information						
Property and equipment purchases included in accounts payable and other accrued expenses	4,141	5,414	1,084	4,141	5,414	1,127
Entrance fees included in accounts receivable	2,822	1,488	1,581	2,822	1,488	1,581



Average Available Units / Beds
Quarter Ended June 30, 2020

<u>Communiy 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	157	**	33	190
Cecil Pines	Jacksonville, FL	Rental	92	**	**	92
England Oaks	Alexandria, LA	Rental	179	**	**	179
Sunny View	Cupertino, CA	CCRC	93	23	48	164
Villa Gardens	Pasadena, CA	CCRC	186	15	54	255
Vista del Monte	Santa Barbara, CA	CCRC	169	24	**	193
Walnut Village	Anaheim, CA	CCRC	156	14	99	269
Wesley Palms	San Diego, CA	Rental	292	22	**	314
Subtotal			1,324	98	234	1,656
<i>Non-Obligated Group Communities</i>						
Casa de Manana	La Jolla, CA	Rental	186	**	**	186
Claremont Manor	Claremont, CA	Rental	209	10	59	278
Fredericka Manor	Chula Vista, CA	Rental	274	22	174	470
Kingsley Manor	Los Angeles, CA	Rental	216	**	51	267
Subtotal			885	32	284	1,201
Total All Communities			2,209	130	518	2,857

** Not applicable



Average Available Units / Beds
Three Months Ended June 30, 2020

<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>
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** Not applicable



Historical Average Occupancy
Quarter Ended June 30

Community Name	2018			2019			2020		
	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	96.7%	**	88.8%	95.8%	**	87.9%	93.6%	**	73.6%
Cecil Pines	99.7%	**	**	99.7%	**	**	98.6%	**	**
England Oaks	90.3%	**	**	89.2%	**	**	87.9%	**	**
Sunny View	96.7%	98.7%	82.7%	99.6%	100.0%	90.2%	97.8%	97.0%	76.5%
Villa Gardens	98.6%	96.7%	82.0%	98.1%	97.9%	85.2%	96.8%	100.0%	59.3%
Vista del Monte	87.2%	100.0%	**	93.8%	79.6%	**	88.2%	90.4%	**
Walnut Village	98.5%	100.0%	89.9%	98.5%	97.9%	87.2%	95.5%	100.0%	47.8%
Wesley Palms	83.2%	94.1%	**	79.9%	100.0%	**	78.4%	90.9%	**
Subtotal	92.9%	97.5%	86.5%	92.7%	96.6%	87.4%	90.1%	94.9%	60.0%
<i>Non-Obligated Group Communities</i>									
Casa de Manana	98.2%	**	**	98.0%	**	**	93.3%	**	**
Claremont Manor	92.2%	87.0%	79.2%	94.1%	100.0%	83.1%	97.1%	100.0%	70.0%
Fredericka Manor	87.0%	20.0%	92.5%	80.8%	87.7%	94.4%	82.0%	94.1%	75.1%
Kingsley Manor	99.4%	**	87.6%	99.5%	**	84.3%	95.2%	**	70.0%
Subtotal	93.5%	87.0%	88.9%	92.1%	91.6%	90.2%	91.2%	95.9%	73.1%
All Communities	93.1%	92.7%	87.8%	92.4%	95.3%	89.0%	90.5%	95.2%	67.2%

** Not applicable



Historical Average Occupancy
Three Months Ended June 30

Community Name	2018			2019			2020		
	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	96.7%	**	88.8%	95.8%	**	87.9%	93.6%	**	73.6%
Cecil Pines	99.7%	**	**	99.7%	**	**	98.6%	**	**
England Oaks	90.3%	**	**	89.2%	**	**	87.9%	**	**
Sunny View	96.7%	98.7%	82.7%	99.6%	100.0%	90.2%	97.8%	97.0%	76.5%
Villa Gardens	98.6%	96.7%	82.0%	98.1%	97.9%	85.2%	96.8%	100.0%	59.3%
Vista del Monte	87.2%	100.0%	**	93.8%	79.6%	**	88.2%	90.4%	**
Walnut Village	98.5%	100.0%	89.9%	98.5%	97.9%	87.2%	95.5%	100.0%	47.8%
Wesley Palms	83.2%	94.1%	**	79.9%	100.0%	**	78.4%	90.9%	**
Subtotal	92.9%	97.5%	86.5%	92.7%	96.6%	87.4%	90.1%	94.9%	60.0%
<i>Non-Obligated Group Communities</i>									
Casa de Manana	98.2%	**	**	98.0%	**	**	93.3%	**	**
Claremont Manor	92.2%	87.0%	79.2%	94.1%	100.0%	83.1%	97.1%	100.0%	70.0%
Fredericka Manor	87.0%	20.0%	92.5%	80.8%	87.7%	94.4%	82.0%	94.1%	75.1%
Kingsley Manor	99.4%	**	87.6%	99.5%	**	84.3%	95.2%	**	70.0%
Subtotal	93.5%	87.0%	88.9%	92.1%	91.6%	90.2%	91.2%	95.9%	73.1%
All Communities	93.1%	92.7%	87.8%	92.4%	95.3%	89.0%	90.5%	95.2%	67.2%

** Not applicable



Care Center Payor Mix and Occupancy
Quarter ended June 30

<u>Payor</u>	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Private Pay	25.6%	24.8%	28.5%	34.3%	32.2%	41.0%
Medi-Cal ⁽¹⁾	42.1%	45.6%	51.0%	33.6%	34.2%	34.9%
Medicare	22.9%	21.1%	14.3%	28.2%	28.2%	21.0%
Managed Care	9.4%	8.5%	6.2%	3.9%	5.4%	3.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average beds available	518	518	518	234	234	234
Average occupancy	87.8%	89.0%	67.2%	86.5%	87.4%	60.0%

⁽¹⁾ Includes Medi-Cal Managed Care



Care Center Payor Mix and Occupancy
Three Months Ended June 30

<u>Payor</u>	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Private Pay	25.6%	24.8%	28.5%	34.3%	32.2%	41.0%
Medi-Cal ⁽¹⁾	42.1%	45.6%	51.0%	33.6%	34.2%	34.9%
Medicare	22.9%	21.1%	14.3%	28.2%	28.2%	21.0%
Managed Care	9.4%	8.5%	6.2%	3.9%	5.4%	3.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average beds available	518	518	518	258	234	234
Average occupancy	87.8%	89.0%	67.2%	86.5%	87.4%	60.0%

⁽¹⁾ Includes Medi-Cal Managed Care



Management's Discussion
Quarter ended June 30

Unaudited Results of Operations ⁽¹⁾ – Consolidated: Q1 FY21 compared with Q1 FY20

Residential Living occupancy decreased from 92.4% for Q1 FY20 to 90.5% for Q1 FY21. All communities continue to experience tough challenges. The COVID-19 pandemic negatively affected Q1 occupancy. Fredericka Manor and Claremont Manor showed improved occupancy from Q1 FY20 to Q1 FY21 due in large part to a high volume of units off active inventory due to refurbishment.

Summer House[®] occupancy decreased slightly from 95.3% for Q1 FY20 to 95.2% for Q1 FY21. Vista del Monte and Fredericka Manor improved nicely due to additional capacity since Q1 FY20. Claremont Manor, Villa Gardens and Walnut Village remained stable from Q1 FY20 to Q1 FY21. Sunny View and Wesley Palms saw slight occupancy declines from Q1 FY20 to Q1 FY21.

Care Center occupancy decreased from 89.0% for Q1 FY20 to 67.2% for Q1 FY21. The 1st quarter of FY21 experienced great challenges as occupancy at all care centers declined. In addition to the planned November 2020 closure of the Walnut Village Care Center, the COVID-19 pandemic has really hurt the skilled nursing occupancy. The Care Center payor mix reflects an increase in Private Pay and Medi-Cal while Medicare and Managed Care decreased. The average available beds remained unchanged at 518 year over year for Q1.

Resident and patient service revenue decreased by 8.4% from \$51.6M for Q1 FY20 to \$47.2M for Q1 FY21. Amortization of entrance fees increased slightly from \$2.5M for Q1 FY20 to \$2.6M for Q1 FY21. Total revenues, gains and other support without donor restriction decreased by 7.4% from \$54.3M for Q1 FY20 to \$50.3M for Q1 FY21. Total operating expenses decreased by 3.2% from \$52.9M for Q1 FY20 to \$51.2M for Q1 FY21. Operating income decreased from a gain of \$1.4M for Q1 FY20 to a loss of \$0.9M for Q1 FY21.

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.



Management's Discussion Three Months Ended June 30

Balance sheet and cash flow – Consolidated: June 30, 2020 Compared to June 30, 2019

Total assets increased from \$738.2M at June 30, 2019 to \$754.4M at June 30, 2020. Cash and cash equivalents plus short-term investments increased from \$13.9M at June 30, 2019 to \$28.3M at June 30, 2020. Long-term investments decreased from \$305.2M at June 30, 2019 to \$302.6M at June 30, 2020. Property and Equipment, Net increased from \$365.1M at June 30, 2019 to \$371.2M at June 30, 2020 reflecting continued capital investment at our communities. Long-term debt increased from \$282.2M at June 30, 2019 to \$285.3M at June 30, 2020 because of continuing to draw down from the \$21.5M Series 2017B debt for Wesley Palms. As of June 30, 2020, \$18.5M had been drawn down from the 2017B debt. Net assets increased from \$274.8M at June 30, 2019 to \$276.0M at June 30, 2020.

Cash provided by operating activities decreased from \$10.9M at June 30, 2019 to \$6.7M at June 30, 2020. Capital expenditures decreased from \$13.2M at June 30, 2019 to \$7.6M at June 30, 2020. Proceeds from entrance fees, net decreased from a positive of \$1.4M at June 30, 2019 to a negative of \$0.4M at June 30, 2020. Cash and cash equivalents increased from \$5.4M at June 30, 2019 to \$19.9M at June 30, 2020.

COVID-19

In general, COVID-19 has had a negative financial impact beginning in March 2020 with revenue declines from reduction in skilled nursing occupancy, as well as disruptions of new move-ins and the related entrance fees for residential living. Management with the support of the Board of Directors agreed to the deferral of the annual rate increase scheduled for March 1, 2020 for 90 days, which will negatively impact revenues as well. Additional expenditures are being incurred for supplies, emergency response efforts along with appreciation pay to recognize extraordinary efforts by our employees. It is anticipated that these negative financial impacts will increase during the second quarter of 2020.

Management is focused on taking actions to address the challenges created by the COVID-19 pandemic, including evaluation opportunities to access resources under the CARES Act and other emergency funds. Front Porch has determined it is not eligible for PPP funding, as under affiliation rules it is not considered a small business.

Some Front Porch residents and employees have tested positive for COVID-19 including some related deaths. Management's evaluation of the effects of these events is ongoing, the extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions. We will continue to monitor local, state and federal reports, and share information as it becomes available.