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February 11, 2021

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 December 31, 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 December 31, 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 & Nine Months Ended December 31, 2020
(Unaudited)



Statements of Operations
Quarter ended December 31
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>
Revenues, Gains and Other Support Without Donor Restrictions						
Resident and patient service revenue	49,270	51,449	47,811	27,410	29,221	25,882
Amortization of entrance fees	2,216	2,448	2,422	2,215	2,447	2,421
Other	1,064	113	286	1,943	915	1,273
Net assets released from restrictions used for operations	182	109	83	176	103	74
Total revenues, gains and other support without donor restrictions	52,732	54,119	50,602	31,744	32,686	29,650
Expenses						
Medical services	12,886	13,265	11,332	7,059	7,281	5,551
Communities operating costs	5,247	5,357	5,328	3,131	3,194	3,175
Dietary services	8,586	8,796	8,292	5,097	5,174	4,729
Residential services	4,439	4,732	4,257	2,696	2,774	2,400
Administrative services	10,578	10,776	8,034	7,609	7,386	5,154
Depreciation	7,348	7,609	8,406	5,035	5,327	5,955
Amortization of deferred costs	288	124	124	236	72	72
Interest expense and other financing costs	2,450	2,403	2,228	1,408	1,382	1,252
Other	594	650	747	437	462	512
Total Expenses	52,416	53,712	48,748	32,708	33,052	28,800
Operating Income (Loss) Before Other Operating Charges	316	407	1,854	(964)	(366)	850
Other Operating Charges						
COVID-19 related expenses	-	-	(2,647)	-	-	(1,389)
Operating Income (Loss)	316	407	(793)	(964)	(366)	(539)
Other Income						
Investment return, net	(32,757)	19,729	37,170	(32,764)	19,719	37,162
Total other income (expense)	(32,757)	19,729	37,170	(32,764)	19,719	37,162
Excess of Revenues Over Expenses	(32,441)	20,136	36,377	(33,728)	19,353	36,623
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	123	14	1	123	14	1
Increase in Net Assets Without Donor Restrictions	\$ (32,318)	\$ 20,150	\$ 36,378	\$ (33,605)	\$ 19,367	\$ 36,624



Statements of Operations
Nine Months Ended December 31
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>
Revenues, Gains and Other Support Without Donor Restrictions						
Resident and patient service revenue	147,100	154,438	143,084	82,052	87,148	78,809
Amortization of entrance fees	6,754	7,610	7,701	6,751	7,607	7,699
Other	1,188	1,491	701	4,513	4,313	3,913
Net assets released from restrictions used for operations	481	383	258	457	364	249
Total revenues, gains and other support without donor restrictions	155,523	163,922	151,744	93,773	99,432	90,670
Expenses						
Medical services	38,132	39,328	35,486	20,914	21,472	18,237
Communities operating costs	15,786	15,987	15,970	9,308	9,501	9,469
Dietary services	24,647	25,740	24,734	14,484	15,118	14,388
Residential services	13,165	13,731	13,021	8,059	8,119	7,498
Administrative services	31,858	32,966	29,508	22,986	24,036	20,826
Depreciation	21,622	22,697	24,771	14,789	15,843	17,507
Amortization of deferred costs	866	373	373	708	215	215
Interest expense and other financing costs	7,180	7,319	6,757	4,030	4,231	3,806
Other	1,794	1,792	2,227	1,322	1,221	1,502
Total Expenses	155,050	159,933	152,847	96,600	99,756	93,448
Operating Income (Loss) Before Other Operating Charges	473	3,989	(1,103)	(2,827)	(324)	(2,778)
Other Operating Charges						
COVID-19 related expenses	-	-	(6,508)	-	-	(3,779)
Asset Impairment	(53)	-	-	(53)	-	-
Operating Income (Loss)	420	3,989	(7,611)	(2,880)	(324)	(6,557)
Other Income						
Investment return, net	(20,251)	26,771	100,437	(20,269)	26,743	100,414
Total other income (expense)	(20,251)	26,771	100,437	(20,269)	26,743	100,414
Excess of Revenues Over Expenses	(19,831)	30,760	92,826	(23,149)	26,419	93,857
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	398	64	21	398	39	21
Increase in Net Assets Without Donor Restrictions	\$ (19,433)	\$ 30,824	\$ 92,847	\$ (22,751)	\$ 26,458	\$ 93,878



Balance Sheets

At December 31

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	Consolidated			Obligated Group		
	2018	2019	2020	2018	2019	2020
Assets						
Current Assets						
Cash and cash equivalents	\$13,656	\$17,640	\$8,128	\$11,915	\$11,307	\$3,639
Short-term investments	7,660	7,143	3,692	7,660	7,143	3,692
Assets limited as to use - required for current liabilities	9,836	7,409	8,212	9,087	6,637	7,266
Resident and patient accounts receivable	8,244	9,243	6,475	5,163	5,918	3,301
Prepaid expenses and other	3,403	3,809	4,295	2,515	2,890	3,346
Intercompany receivables	-	-	-	570	4,897	8,552
Total current assets	42,799	45,244	30,802	36,910	38,792	29,796
Investments						
Assets limited as to use, net of current portion	4,713	3,463	3,765	1	1	1
Long-term investments	260,495	322,263	363,049	260,495	322,263	363,049
Derivative instruments	187	27	24	187	27	24
Total investments	265,395	325,753	366,838	260,683	322,291	363,074
Property and Equipment, Net	355,743	370,346	370,031	279,432	290,880	287,293
Other Assets						
Interest in net assets of Pacific Homes						
Foundation	12,245	12,649	13,586	12,246	12,649	13,586
Receivables from supporting organizations	11,900	13,356	14,666	11,900	13,356	14,666
ROU assets - operating leases	-	-	7,013	-	-	6,349
Other receivables	1,738	1,582	1,350	1,738	1,582	1,350
Deferred costs, net	166	-	-	166	-	-
Other assets	414	414	613	-	-	200
Total other assets	26,463	28,001	37,228	26,050	27,587	36,151
Total assets	690,400	769,344	804,899	603,075	679,550	716,314
Liabilities and Net Assets						
Current Liabilities						
Current maturities of long-term debt	\$3,071	\$4,151	\$5,320	\$ -	\$1,045	\$2,114
Current portion of operating lease liabilities	-	-	1,780	-	-	1,389
Account payable	4,699	4,587	3,389	3,680	3,133	2,408
Accrued payroll and related expenses	12,133	12,378	10,860	7,583	7,953	6,037
Accrued interest	1,425	1,463	1,365	1,143	1,190	1,100
Other accrued expenses	10,621	13,137	19,715	9,593	12,138	18,256
Total current liabilities	31,949	35,716	42,429	21,999	25,459	31,304
Asset retirement obligations	2,158	2,184	2,066	238	229	235
Accrued workers compensation	8,716	8,393	6,991	5,837	5,851	5,747
Operating lease liabilities	-	-	6,308	-	-	6,035
Other accrued liabilities	21,529	23,336	33,755	17,986	19,773	30,402
Refundable entrance fees	73,846	76,567	61,323	73,619	76,340	61,095
Deferred revenue from entrance fees	40,562	41,042	40,642	40,542	41,026	40,629
Long-term debt	282,575	285,668	282,332	181,862	187,956	187,617
Total liabilities	461,335	472,906	475,846	342,083	356,634	363,064
Net Assets:						
Without donor restrictions	206,033	271,047	301,018	237,967	297,525	325,215
With donor restrictions	23,032	25,391	28,035	23,025	25,391	28,035
Total net assets	229,065	296,438	329,053	260,992	322,916	353,250
Total liabilities and net assets	\$690,400	\$769,344	\$804,899	\$603,075	\$679,550	\$716,314



Statements of Changes in Net Assets
Quarter ended December 31
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	<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	\$ (32,441)	\$20,136	\$36,377	\$ (33,728)	\$19,353	\$36,623
Net assets released from restriction used for purchase of property and equipment	123	14	1	123	14	1
Increase in net assets without donor restrictions	<u>(32,318)</u>	<u>20,150</u>	<u>36,378</u>	<u>(33,605)</u>	<u>19,367</u>	<u>36,624</u>
Net Assets With Donor Restrictions						
Contributions received and investment income	(617)	590	4,001	(622)	592	3,993
Net assets released from restrictions used for operations	(182)	(109)	(83)	(176)	(103)	(74)
Net assets released from restrictions used for purchase of property and equipment	(123)	(14)	(1)	(123)	(14)	(1)
Increase (decrease) in net assets with donor restrictions	<u>(922)</u>	<u>467</u>	<u>3,917</u>	<u>(921)</u>	<u>475</u>	<u>3,918</u>
Change in Net Assets	(33,240)	20,617	40,295	(34,526)	19,842	40,542
Net Assets, Beginning of Year	262,305	275,821	288,758	295,518	303,074	312,708
Net Assets, End of Year	<u>\$229,065</u>	<u>\$296,438</u>	<u>\$329,053</u>	<u>\$260,992</u>	<u>\$322,916</u>	<u>\$353,250</u>



Statements of Changes in Net Assets
Nine Months Ended December 31
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	\$ (19,831)	\$30,760	\$92,826	\$ (23,149)	\$26,419	\$93,858
Net assets released from restriction used for purchase of property and equipment	398	64	20	398	39	20
Increase in net assets without donor restrictions	<u>(19,433)</u>	<u>30,824</u>	<u>92,846</u>	<u>(22,751)</u>	<u>26,458</u>	<u>93,878</u>
Net Assets With Donor Restrictions						
Contributions received and investment income	188	1,182	5,841	156	1,138	5,833
Net assets released from restrictions used for operations	(481)	(383)	(258)	(457)	(364)	(249)
Net assets released from restrictions used for purchase of property and equipment	(398)	(64)	(20)	(398)	(39)	(20)
Increase (decrease) in net assets with donor restrictions	<u>(691)</u>	<u>735</u>	<u>5,563</u>	<u>(699)</u>	<u>735</u>	<u>5,564</u>
Change in Net Assets	(20,124)	31,559	98,409	(23,450)	27,193	99,442
Net Assets, Beginning of Year	249,189	264,879	230,644	284,442	295,723	253,808
Net Assets, End of Year	<u>\$229,065</u>	<u>\$296,438</u>	<u>\$329,053</u>	<u>\$260,992</u>	<u>\$322,916</u>	<u>\$353,250</u>



Statement of Cash Flows
Nine Months Ended December 31
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	\$31,300	\$33,879	\$32,826	\$31,191	\$33,702	\$32,667
Proceeds from entrance fees received	20,095	21,296	11,260	20,095	21,296	11,260
Cash received from and on behalf of noncontract residents	114,717	119,024	109,662	50,665	53,209	46,741
Reimbursement for services to nonresidents	1,912	2,443	2,017	643	702	480
Other receipts from operations	1,188	1,491	700	4,513	4,313	3,913
Unrestricted investment income received	6,375	7,704	5,248	6,367	7,677	5,225
Processing fees	64	54	27	64	54	27
Cash paid to suppliers, employees and others	(129,618)	(131,882)	(125,425)	(78,846)	(88,727)	(78,181)
Cash paid for interest on long-term debt, net of amounts capitalized	(9,100)	(8,583)	(8,195)	(6,001)	(4,127)	(5,269)
Net cash provided by operating activities	<u>36,933</u>	<u>45,426</u>	<u>28,120</u>	<u>28,691</u>	<u>28,099</u>	<u>16,863</u>
Investing Activities						
Capital expenditures	(34,619)	(33,882)	(23,582)	(24,751)	(23,958)	(13,483)
Proceeds from sale of trading investments	106,676	136,676	123,358	106,676	136,676	123,358
Purchase of trading investments	(109,569)	(139,658)	(129,843)	(109,569)	(139,658)	(129,843)
Purchase of assets limited as to use	(5,129)	(923)	(2,392)	(4,169)	(331)	(2,189)
Proceeds from sale of assets limited as to use	4,155	4,842	3,664	3,580	3,689	3,341
Repayment from (advances to) Brookmore Apartment Corporation	-	325	-	-	325	-
Net cash used in investing activities	<u>(38,486)</u>	<u>(32,620)</u>	<u>(28,795)</u>	<u>(28,233)</u>	<u>(23,257)</u>	<u>(18,816)</u>
Financing Activities						
Refunds of entrance fees	(6,050)	(8,999)	(9,121)	(5,694)	(8,999)	(9,119)
Principal payments on long-term debt	-	(1,782)	(1,870)	-	(1,782)	(1,870)
Principal payment HUD loans	(2,374)	(2,371)	(2,340)	-	-	-
Proceeds from Series 2015 debt issuance	-	-	-	-	-	-
Proceeds from Series 2017A and 2017B debt issuance	10,521	7,104	2,768	10,521	7,104	2,768
Proceeds from restricted contributions	87	18	21	87	18	21
Net cash provided by (used in) financing activities	<u>2,184</u>	<u>(6,030)</u>	<u>(10,542)</u>	<u>4,914</u>	<u>(3,659)</u>	<u>(8,200)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>631</u>	<u>6,776</u>	<u>(11,217)</u>	<u>5,372</u>	<u>1,183</u>	<u>(10,153)</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>\$13,656</u>	<u>\$17,640</u>	<u>\$8,128</u>	<u>\$11,915</u>	<u>\$11,307</u>	<u>\$3,639</u>
Supplemental Cash Flows Information						
Property and equipment purchases included in accounts payable and other accrued expenses	1,500	1,084	1,084	1,676	1,995	1,127
Entrance fees included in accounts receivable	1,495	2,949	1,762	3,114	2,490	1,581



Average Available Units / Beds
Quarter Ended December 31, 2020

<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 Communities</i>						
Carlsbad By The Sea	Carlsbad, CA	CCRC	159	**	33	192
Cecil Pines	Jacksonville, FL	Rental	92	**	**	92
England Oaks	Alexandria, LA	Rental	180	**	**	180
Sunny View	Cupertino, CA	CCRC	92	23	48	163
Villa Gardens	Pasadena, CA	CCRC	185	16	54	255
Vista del Monte	Santa Barbara, CA	CCRC	169	24	**	193
Walnut Village	Anaheim, CA	CCRC	156	14	**	170
Wesley Palms	San Diego, CA	Rental	293	22	**	315
Subtotal			1,326	99	135	1,560
<i>Non-Obligated Group Communities</i>						
Casa de Manana	La Jolla, CA	Rental	187	**	**	187
Claremont Manor	Claremont, CA	Rental	206	15	59	280
Fredericka Manor	Chula Vista, CA	Rental	258	22	174	454
Kingsley Manor	Los Angeles, CA	Rental	214	**	51	265
Subtotal			865	37	284	1,186
Total All Communities			2,191	136	419	2,746

** Not applicable



Average Available Units / Beds
Nine Months Ended December 31, 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>
<i>Obligated Group Communities</i>						
Carlsbad By The Sea	Carlsbad, CA	CCRC	158	**	33	191
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	185	16	54	255
Vista del Monte	Santa Barbara, CA	CCRC	169	24	**	193
Walnut Village	Anaheim, CA	CCRC	156	14	55	225
Wesley Palms	San Diego, CA	Rental	293	22	**	315
Subtotal			1,325	99	190	1,614
<i>Non-Obligated Group Communities</i>						
Casa de Manana	La Jolla, CA	Rental	186	**	**	186
Claremont Manor	Claremont, CA	Rental	208	12	59	279
Fredericka Manor	Chula Vista, CA	Rental	263	22	174	459
Kingsley Manor	Los Angeles, CA	Rental	215	**	51	266
Subtotal			872	34	284	1,190
Total All Communities			2,197	133	474	2,804

** Not applicable



**Historical Average Occupancy
Quarter Ended December 31**

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	98.1%	**	87.0%	96.2%	**	85.8%	90.1%	**	66.7%
Cecil Pines	100.0%	**	**	99.2%	**	**	98.9%	**	**
England Oaks	89.2%	**	**	88.6%	**	**	90.4%	**	**
Sunny View	97.9%	88.9%	85.4%	97.8%	95.5%	84.8%	97.2%	98.7%	70.2%
Villa Gardens	97.3%	98.4%	85.7%	95.7%	92.8%	86.5%	88.9%	87.7%	70.4%
Vista del Monte	91.6%	90.0%	**	90.2%	87.0%	**	88.8%	95.8%	**
Walnut Village	97.6%	100.0%	85.9%	96.6%	100.0%	89.6%	90.6%	100.0%	**
Wesley Palms	84.5%	100.0%	**	84.8%	100.0%	**	74.7%	90.9%	**
Subtotal	93.4%	95.7%	85.9%	92.4%	94.8%	87.4%	87.6%	94.7%	69.4%
<i>Non-Obligated Group Communities</i>									
Casa de Manana	98.6%	**	**	95.9%	**	**	92.9%	**	**
Claremont Manor	92.2%	90.0%	84.2%	95.9%	93.0%	86.4%	91.8%	82.0%	70.0%
Fredericka Manor	81.1%	91.1%	93.7%	87.6%	94.1%	87.5%	79.3%	94.1%	84.5%
Kingsley Manor	99.5%	**	90.8%	95.1%	**	81.8%	92.5%	**	77.1%
Subtotal	91.8%	90.7%	91.2%	93.2%	93.8%	86.3%	88.5%	89.2%	80.1%
All Communities	92.7%	94.5%	88.8%	92.7%	94.6%	86.8%	87.9%	93.2%	76.7%

** Not applicable



**Historical Average Occupancy
Nine Months Ended December 31**

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	97.2%	**	88.2%	96.4%	**	85.2%	91.8%	**	68.5%
Cecil Pines	99.8%	**	**	99.2%	**	**	99.0%	**	**
England Oaks	90.0%	**	**	88.5%	**	**	89.3%	**	**
Sunny View	97.9%	90.6%	83.5%	98.9%	97.8%	87.9%	97.3%	95.7%	73.5%
Villa Gardens	97.6%	97.8%	83.7%	97.3%	96.2%	85.4%	92.7%	89.7%	65.0%
Vista del Monte	88.9%	97.0%	**	91.7%	81.9%	**	88.5%	94.6%	**
Walnut Village	98.0%	100.0%	88.2%	97.1%	99.3%	88.7%	92.9%	99.3%	40.0%
Wesley Palms	83.1%	95.9%	**	82.8%	100.0%	**	76.3%	90.5%	**
Subtotal	92.9%	95.7%	86.2%	92.6%	95.5%	87.3%	88.8%	93.8%	60.5%
<i>Non-Obligated Group Communities</i>									
Casa de Manana	97.7%	**	**	97.6%	**	**	92.9%	**	**
Claremont Manor	91.9%	86.0%	81.7%	95.0%	92.0%	84.1%	94.0%	87.1%	69.7%
Fredericka Manor	83.7%	75.0%	93.0%	83.7%	92.3%	91.4%	81.0%	94.1%	79.8%
Kingsley Manor	99.3%	**	88.8%	97.2%	**	82.9%	93.4%	**	72.2%
Subtotal	92.3%	80.1%	89.9%	92.5%	92.2%	88.4%	89.7%	91.6%	76.3%
All Communities	92.7%	92.6%	88.2%	92.5%	94.7%	87.9%	89.1%	93.2%	70.0%

** Not applicable



Care Center Payor Mix and Occupancy
Quarter ended December 31

<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	22.7%	23.7%	28.6%	29.5%	34.0%	52.3%
Medi-Cal ⁽¹⁾	44.9%	46.2%	46.6%	34.5%	33.7%	18.8%
Medicare	24.3%	21.1%	16.6%	31.6%	26.0%	26.0%
Managed Care	8.1%	9.0%	8.2%	4.4%	6.3%	2.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average beds available	518	518	419	234	234	135
Average occupancy	88.8%	86.8%	76.7%	85.9%	87.4%	69.4%

⁽¹⁾ Includes Medi-Cal Managed Care



Care Center Payor Mix and Occupancy
Nine Months Ended December 31

<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	23.7%	24.8%	28.1%	31.3%	34.0%	45.1%
Medi-Cal ⁽¹⁾	44.1%	46.3%	48.8%	34.3%	34.2%	28.6%
Medicare	23.3%	20.2%	16.0%	30.0%	26.3%	23.4%
Managed Care	8.9%	8.7%	7.1%	4.4%	5.5%	2.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average beds available	518	518	474	234	234	190
Average occupancy	88.2%	87.9%	70.0%	86.2%	87.3%	60.5%

⁽¹⁾ Includes Medi-Cal Managed Care



Management's Discussion
Quarter ended December 31

Unaudited Results of Operations ⁽¹⁾ – Consolidated: Q3 FY21 compared with Q3 FY20

Residential Living occupancy decreased from 92.7% for Q3 FY20 to 87.9% for Q3 FY21. The COVID-19 pandemic negatively affected Q3 occupancy and continues to present challenges. Steps and measures have been taken to safely admit and open up communities as per health guidelines and recommendations.

Summer House[®] occupancy decreased from 94.6% for Q3 FY20 to 93.2% for Q3 FY21. The COVID-19 pandemic has not impacted the memory care business as hard. One bright spot has been the improved occupancy at Vista del Monte from Q3 FY20 to Q3 FY21. Also, Sunny View has experienced slight improvement in occupancy.

Care Center occupancy decreased from 86.8% for Q3 FY20 to 76.7% for Q3 FY21. The skilled nursing environment has been the most affected by the COVID-19 pandemic. Additionally, the closure of the Walnut Village Care Center on September 30, 2020 impacted occupancy. The Care Center payor mix experienced an increase in Private Pay and Medi-Cal while Medicare and Managed Care declined. The average available beds declined from 518 in Q3 FY20 to 419 in Q3 FY21 due to the closure of the Walnut Village Care Center.

Resident and patient service revenue decreased by 7.1% from \$51.4M for Q3 FY20 to \$47.8M for Q3 FY21. Amortization of entrance fees remained stable at \$2.4M from Q3 FY20 to Q3 FY21. Total revenues, gains and other support without donor restriction decreased by 6.5% from \$54.1M for Q3 FY20 to \$50.6M for Q3 FY21. Total operating expenses decreased by 9.2% from \$53.7M for Q3 FY20 to \$48.7M for Q3 FY21. Operating income before Other Income decreased from a gain of \$0.4M for Q3 FY20 to a loss of \$0.8M for Q3 FY21. Note: these results include COVID-19 expenses of \$2.6M for Q3 FY21 versus zero for Q3 FY20.



Management's Discussion
Nine Months Ended December 31

Unaudited Results of Operations ⁽¹⁾ – Consolidated: Nine Months Ended December 31, 2020 Compared to Nine Months Ended December 31, 2019

Residential Living occupancy decreased from 92.5% for FY20 December YTD to 89.1% for FY21 December YTD. The COVID-19 pandemic negatively affected occupancy and continues to present challenges. Steps and measures have been taken to safely admit and open up communities as per health guidelines and recommendations.

Summer House[®] occupancy decreased from 94.7% for FY20 December YTD to 93.2% for FY21 December YTD. The COVID-19 pandemic has not impacted the memory care business as hard. While four out of our six memory care businesses have declined, Vista del Monte and Fredericka Manor have managed to improve occupancy improved from FY20 December YTD to FY21 December YTD.

Care Center occupancy decreased from 87.9% for FY20 December YTD to 70.0% for FY21 December YTD. The skilled nursing environment has been the most affected by the COVID-19 pandemic. Additionally, the closure of the Walnut Village Care Center on September 30, 2020 impacted occupancy. The Care Center payor mix experienced an increase in Private Pay and Medi-Cal while Medicare and Managed Care declined. The average available beds declined from 518 in FY20 December YTD to 474 in FY21 December YTD due to the closure of the Walnut Village Care Center.

Resident and patient service revenue decreased from \$154.4M for FY20 December YTD to \$143.1M for FY21 December YTD, a 7.4% decrease. Amortization of entrance fees increased slightly from \$7.6M for FY20 December YTD to 7.7M for FY21 December YTD, a 1.2% increase. Total revenues, gains and other support without donor restriction declined from \$163.9M for FY20 December YTD to \$151.7M for FY21 December YTD, a 7.4% decrease. Total operating expenses decreased from \$160.0M for FY20 December YTD to \$152.8M for FY21 December YTD, a 4.4% decrease. Operating income before Other Income declined from a profit of \$4.0M for FY20 December YTD to a loss of \$7.6M for FY21 December YTD. Note: these results include COVID-19 expenses of \$6.5M through FY21 December YTD versus zero in FY20 December YTD.

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 Nine Months Ended December 31

Balance sheet and cash flow – Consolidated: December 31, 2020 Compared to December 31, 2019

Total assets increased from \$769.3M at December 31, 2019 to \$804.8M at December 31, 2020. Cash and cash equivalents plus short-term investments decreased from \$24.8M at December 31, 2019 to \$11.8M at December 31, 2020. Long-term investments increased from \$322.3M at December 31, 2019 to \$363.0M at December 31, 2020. Property and Equipment, Net remained stable at \$370.0M from December 31, 2019 to December 31, 2020. Long-term debt decreased from \$285.7M at December 31, 2019 to \$282.3M at December 31, 2020 due to overall principal payments exceeding the additional debt drawn down from the \$21.5M Series 2017B debt. As of December 31, 2020, \$19.5M had been drawn down from the 2017B debt. Net assets increased from \$296.4M at December 31, 2019 to \$329.1M at December 31, 2020.

Cash provided by operating activities decreased from \$45.4M at December 31, 2019 to \$28.1M at December 31, 2020. Capital expenditures decreased from \$33.9M at December 31, 2019 to \$23.6M at December 31, 2020. Capital spending and construction has been slowed in 2020 due to the COVID-19 pandemic. Proceeds from entrance fees, net decreased from \$12.3M at December 31, 2019 to \$2.1M at December 31, 2020. Cash and cash equivalents decreased from \$17.6 at December 31, 2019 to \$8.1M at December 31, 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 has negatively impacted 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 and third quarters of 2020.

Management has taken actions to address the challenges created by the COVID-19 pandemic, including accessing opportunities 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. As of quarter end December 31, 2020, Front Porch has received COVID relief funds of approximately \$5.4M from the CARES Act while incurring \$6.5M of COVID-related expenses. Currently, the relief funds are reflected on the balance sheet and have yet to be recognized as income on the financial statements. The COVID-related expenses are reflected under Other Operating Charges on the financial statement.

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.