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May 12, 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 March 31, 2021, 2020, and 2019. The Quarterly Report also contains the unaudited financial statements for the Obligated Group for the fiscal quarter and year-to-date period ended March 31, 2021, 2020, and 2019.

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 & Twelve Months Ended March 31, 2021
(Unaudited)



Statements of Operations
Quarter ended March 31
000's

	Consolidated			Obligated Group		
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues, Gains and Other Support Without Donor Restrictions						
Resident and patient service revenue	49,922	51,098	45,878	27,770	29,210	25,268
Amortization of entrance fees	2,668	2,688	2,498	2,667	2,686	2,497
Other	103	100	227	1,349	1,305	1,201
Net assets released from restrictions used for operations	555	187	208	533	189	208
Total revenues, gains and other support without donor restrictions	53,248	54,073	48,811	32,319	33,390	29,174
Expenses						
Medical services	12,975	13,314	10,762	7,107	7,203	5,282
Communities operating costs	5,185	5,287	5,436	3,010	3,143	3,253
Dietary services	8,225	8,547	7,767	4,805	4,982	4,505
Residential services	4,457	4,771	4,158	2,636	2,806	2,342
Administrative services	10,245	8,864	8,609	8,978	8,742	7,029
Depreciation	7,627	8,159	8,354	5,317	5,741	5,869
Amortization of deferred costs	288	125	124	236	71	72
Interest expense and other financing costs	2,261	1,996	2,001	1,361	1,250	1,206
Other	271	488	742	115	297	508
Total Expenses	51,534	51,551	47,953	33,565	34,235	30,066
Operating Income (Loss) Before Other Operating Charges	1,714	2,522	858	(1,246)	(845)	(892)
Other Operating Charges						
COVID-19 related expenses	-	(309)	(1,968)	-	(249)	(1,033)
COVID-19 related income	-	-	4,298	-	-	4,298
Operating Income (Loss)	1,714	2,213	3,188	(1,246)	(1,094)	2,373
Other Income						
Investment return, net	32,409	(65,094)	16,948	32,404	(65,102)	16,943
Total other income (expense)	32,409	(65,094)	16,948	32,404	(65,102)	16,943
Excess of Revenues Over Expenses	34,123	(62,881)	20,136	31,158	(66,196)	19,316
Contributions to affiliates	-	-	-	1,961	-	-
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	67	8	35	(20)	7	28
Increase in Net Assets Without Donor Restrictions	\$ 34,190	\$ (62,873)	\$ 20,171	\$ 33,099	\$ (66,189)	\$ 19,344



Statements of Operations
Twelve Months Ended March 31
000's

	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues, Gains and Other Support Without Donor Restrictions						
Resident and patient service revenue	197,218	205,535	188,963	109,822	116,358	104,076
Amortization of entrance fees	9,422	10,297	10,199	9,417	10,293	10,196
Other	1,291	1,592	926	5,863	5,618	5,114
Net assets released from restrictions used for operations	1,037	571	466	990	553	457
Total revenues, gains and other support without donor restrictions	208,968	217,995	200,554	126,092	132,822	119,843
Expenses						
Medical services	51,107	52,642	46,248	28,022	28,676	23,519
Communities operating costs	20,971	21,274	21,406	12,318	12,644	12,722
Dietary services	32,873	34,288	32,502	19,290	20,099	18,892
Residential services	17,623	18,503	17,179	10,695	10,925	9,840
Administrative services	42,299	41,831	38,116	31,964	32,777	27,853
Depreciation	29,250	30,857	33,125	20,107	21,584	23,376
Amortization of deferred costs	1,154	497	497	944	287	287
Interest expense and other financing costs	9,441	9,315	8,758	5,390	5,481	5,013
Other	2,064	2,279	2,969	1,435	1,518	2,010
Total Expenses	206,782	211,486	200,800	130,165	133,991	123,512
Operating Income (Loss) Before Other Operating Charges	2,186	6,509	(246)	(4,073)	(1,169)	(3,669)
Other Operating Charges						
COVID-19 related expenses	-	(309)	(8,476)	-	(249)	(4,812)
COVID-19 related income	-	-	4,298	-	-	4,298
Asset Impairment	(53)	-	-	(53)	-	-
Operating Income (Loss)	2,133	6,200	(4,424)	(4,126)	(1,418)	(4,183)
Other Income						
Investment return, net	12,159	(38,322)	117,385	12,135	(38,359)	117,357
Total other income (expense)	12,159	(38,322)	117,385	12,135	(38,359)	117,357
Excess of Revenues Over Expenses	14,292	(32,122)	112,961	8,009	(39,777)	113,174
Contributions to affiliates	-	-	-	1,961	-	-
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	465	72	56	378	46	49
Increase in Net Assets Without Donor Restrictions	\$ 14,757	\$ (32,050)	\$ 113,017	\$ 10,348	\$ (39,731)	\$ 113,223



Balance Sheets

At March 31

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	Consolidated			Obligated Group		
	2019	2020	2021	2019	2020	2021
Assets						
Current Assets						
Cash and cash equivalents	\$10,864	\$19,345	\$16,168	\$10,124	\$13,792	\$13,151
Short-term investments	9,521	8,999	2,392	9,521	8,999	2,392
Assets limited as to use - required for current liabilities	11,031	9,513	11,928	9,995	8,413	10,639
Resident and patient accounts receivable	8,791	7,788	5,998	5,023	4,272	2,559
Prepaid expenses and other	2,721	3,017	3,150	2,174	2,418	2,574
Intercompany receivables	-	-	-	420	4,608	9,134
Total current assets	42,928	48,662	39,636	37,257	42,502	40,449
Investments						
Assets limited as to use, net of current portion	3,760	3,731	4,028	1	1	1
Long-term investments	296,307	254,865	367,026	296,307	254,865	367,026
Derivative instruments	59	23	77	59	23	75
Total investments	300,126	258,619	371,131	296,367	254,889	367,102
Property and Equipment, Net	363,820	372,327	374,091	286,764	292,284	290,120
Other Assets						
Interest in net assets of Pacific Homes						
Foundation	12,649	10,780	14,880	12,649	10,780	14,880
Receivables from supporting organizations	12,576	12,403	15,375	12,576	12,403	15,375
ROU assets - operating leases	-	8,063	6,643	-	7,106	6,078
Other receivables	1,582	1,350	952	1,582	1,350	952
Other assets	739	414	614	325	-	200
Total other assets	27,546	33,010	38,464	27,132	31,639	37,485
Total assets	734,420	712,618	823,322	647,520	621,314	735,156
Liabilities and Net Assets						
Current Liabilities						
Current maturities of long-term debt	\$4,920	\$5,301	\$6,585	\$ 1,782	\$2,170	\$3,353
Current portion of operating lease liabilities	-	1,755	1,743	-	1,364	1,345
Account payable	8,107	6,629	6,973	6,547	5,351	4,762
Accrued payroll and related expenses	13,530	13,605	12,239	9,613	9,719	7,882
Accrued interest	2,563	2,572	2,690	2,283	2,301	2,427
Other accrued expenses	13,202	11,599	12,952	12,478	10,445	12,444
Total current liabilities	42,322	41,461	43,182	32,703	31,350	32,213
Asset retirement obligations	2,124	2,049	2,067	220	228	237
Accrued workers compensation	8,393	6,991	4,956	5,852	5,747	3,910
Operating lease liabilities	-	7,561	5,917	-	6,995	5,748
Other accrued liabilities	23,351	32,833	35,370	19,812	29,322	32,039
Refundable entrance fees	71,870	64,451	58,100	71,642	64,223	57,872
Deferred revenue from entrance fees	39,638	42,942	41,102	39,619	42,927	41,090
Long-term debt	281,843	283,686	281,487	181,949	186,714	187,537
Total liabilities	469,541	481,974	472,181	351,797	367,506	360,646
Net Assets:						
Without donor restrictions	240,223	208,172	321,189	271,067	231,336	344,558
With donor restrictions	24,656	22,472	29,952	24,656	22,472	29,952
Total net assets	264,879	230,644	351,141	295,723	253,808	374,510
Total liabilities and net assets	\$734,420	\$712,618	\$823,322	\$647,520	\$621,314	\$735,156



Statements of Changes in Net Assets
Quarter ended March 31
000's

	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Assets Without Donor Restrictions						
Excess of revenues over expenses	\$34,123	\$ (62,881)	\$20,136	\$31,158	\$ (66,196)	\$19,316
Contributions to affiliates	-	-	-	1,961	-	-
Net assets released from restriction used for purchase of property and equipment	67	8	35	(20)	7	28
Increase in net assets without donor restrictions	<u>34,190</u>	<u>(62,873)</u>	<u>20,171</u>	<u>33,099</u>	<u>(66,189)</u>	<u>19,344</u>
Net Assets With Donor Restrictions						
Contributions received and investment income	1,855	(1,138)	(1,579)	1,748	(1,135)	(1,587)
Change in interest in net assets of Pacific Home Foundation	447	(1,787)	3,811	447	(1,787)	3,811
Change in beneficial interest in perpetual trust	(56)	199	(72)	(56)	199	(72)
Net assets released from restrictions used for operations	(555)	(187)	(208)	(533)	(189)	(208)
Net assets released from restrictions used for purchase of property and equipment	(67)	(8)	(35)	20	(7)	(28)
Increase (decrease) in net assets with donor restrictions	<u>1,624</u>	<u>(2,921)</u>	<u>1,917</u>	<u>1,626</u>	<u>(2,919)</u>	<u>1,916</u>
Change in Net Assets	35,814	(65,794)	22,088	34,725	(69,108)	21,260
Net Assets, Beginning of Year	229,065	296,438	329,053	260,998	322,916	353,250
Net Assets, End of Year	<u>\$264,879</u>	<u>\$230,644</u>	<u>\$351,141</u>	<u>\$295,723</u>	<u>\$253,808</u>	<u>\$374,510</u>



Statements of Changes in Net Assets
Twelve Months Ended March 31
000's

	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Assets Without Donor Restrictions						
Excess of revenues over expenses	\$14,292	\$ (32,122)	\$112,961	\$8,009	\$ (39,777)	\$113,174
Contributions to affiliates	-	-	-	1,961	-	-
Net assets released from restriction used for purchase of property and equipment	465	72	56	378	46	49
	<u>14,757</u>	<u>(32,050)</u>	<u>113,017</u>	<u>10,348</u>	<u>(39,731)</u>	<u>113,223</u>
Net Assets With Donor Restrictions						
Contributions received and investment income	2,044	46	4,263	1,910	3	4,246
Change in interest in net assets of Pacific Home Foundation	447	(1,787)	3,811	447	(1,787)	3,811
Net assets released from restrictions used for operations	(1,037)	(571)	(466)	(990)	(553)	(457)
Net assets released from restrictions used for purchase of property and equipment	(465)	(72)	(56)	(378)	(46)	(49)
Change in value of trust	(56)	199	(72)	(56)	199	(72)
	<u>933</u>	<u>(2,185)</u>	<u>7,480</u>	<u>933</u>	<u>(2,184)</u>	<u>7,479</u>
Change in Net Assets	15,690	(34,235)	120,497	11,281	(41,915)	120,702
Net Assets, Beginning of Year	249,189	264,879	230,644	284,442	295,723	253,808
Net Assets, End of Year	<u>\$264,879</u>	<u>\$230,644</u>	<u>\$351,141</u>	<u>\$295,723</u>	<u>\$253,808</u>	<u>\$374,510</u>



Statement of Cash Flows
Twelve Months Ended March 31
000's

	Consolidated			Obligated Group		
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Operating Activities						
Cash received from contract residents	\$41,799	\$44,922	\$43,622	\$41,634	\$44,668	\$43,403
Proceeds from entrance fees received	26,315	26,798	16,763	26,315	26,798	16,763
Cash received from and on behalf of noncontract residents	152,604	158,722	144,370	67,673	71,708	61,086
Reimbursement for services to nonresidents	3,060	2,854	2,040	1,064	693	579
Other receipts from operations	1,291	1,592	926	5,863	5,618	5,114
Unrestricted investment income received	7,942	8,702	6,878	7,917	8,665	6,851
Processing fees	81	70	36	81	70	36
Cash paid to suppliers, employees and others	(169,721)	(171,598)	(168,004)	(104,130)	(110,837)	(104,963)
Cash paid for interest on long-term debt, net of amounts capitalized	(10,317)	(9,685)	(8,960)	(6,311)	(5,811)	(5,238)
Net cash provided by operating activities	<u>53,054</u>	<u>62,377</u>	<u>37,671</u>	<u>40,106</u>	<u>41,572</u>	<u>23,631</u>
Investing Activities						
Capital expenditures	(45,758)	(44,227)	(32,694)	(32,454)	(31,383)	(19,733)
Proceeds from sale of trading investments	143,078	181,441	167,112	143,078	181,441	167,112
Purchase of trading investments	(152,224)	(184,632)	(160,224)	(152,224)	(184,632)	(160,224)
Purchase of assets limited as to use	(3,271)	(943)	(3,189)	(2,745)	(328)	(2,382)
Proceeds from sale of assets limited as to use	2,045	2,490	481	1,238	1,910	161
Investment in Towns Square	-	-	(200)	-	-	(200)
Repayment from (advances to) Brookmore Apartment Corporation	(325)	400	-	(325)	400	-
Net cash used in investing activities	<u>(56,455)</u>	<u>(45,471)</u>	<u>(28,714)</u>	<u>(43,432)</u>	<u>(32,592)</u>	<u>(15,266)</u>
Financing Activities						
Refunds of entrance fees	(8,454)	(10,582)	(11,132)	(8,099)	(10,582)	(11,129)
Contributions from (to) affiliate	-	-	-	2,218	-	-
Principal payments on long-term debt	(1,017)	(2,826)	(2,170)	(1,017)	(2,826)	(2,170)
Principal payment HUD loans	(3,178)	(3,139)	(3,132)	-	-	-
Proceeds from Series 2015 debt issuance	5,600	-	-	5,600	-	-
Proceeds from Series 2017A and 2017B debt issuance	7,827	8,050	4,244	7,827	8,050	4,244
Proceeds from contributions for purchases of property and equipment	462	72	56	378	46	49
Net cash provided by (used in) financing activities	<u>1,240</u>	<u>(8,425)</u>	<u>(12,134)</u>	<u>6,907</u>	<u>(5,312)</u>	<u>(9,006)</u>
Increase (Decrease) in Cash and Cash Equivalents	(2,161)	8,481	(3,177)	3,581	3,668	(641)
Cash and Cash Equivalents, Beginning of Year	13,025	10,864	19,345	6,543	10,124	13,792
Cash and Cash Equivalents, End of Year	\$10,864	\$19,345	\$16,168	\$10,124	\$13,792	\$13,151
Supplemental Cash Flows Information						
Property and equipment purchases included in accounts payable and other accrued expenses	6,066	1,203	3,399	5,406	1,127	2,606
Entrance fees included in accounts receivable	1,487	1,579	958	1,487	1,579	1,581
Operating lease obligation incurred for equipment and rental sp	-	9,593	-	-	8,250	-



Average Available Units / Beds
Quarter Ended March 31, 2021

<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	179	**	**	179
Sunny View	Cupertino, CA	CCRC	94	23	48	165
Villa Gardens	Pasadena, CA	CCRC	188	16	54	258
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			1,330	99	135	1,564
<i>Non-Obligated Group Communities</i>						
Casa de Manana	La Jolla, CA	Rental	187	**	**	187
Claremont Manor	Claremont, CA	Rental	211	15	59	285
Fredericka Manor	Chula Vista, CA	Rental	256	22	174	452
Kingsley Manor	Los Angeles, CA	Rental	216	**	51	267
Subtotal			870	37	284	1,191
Total All Communities			2,200	136	419	2,755

** Not applicable



Average Available Units / Beds
Twelve Months Ended March 31, 2021

<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	186	16	54	256
Vista del Monte	Santa Barbara, CA	CCRC	169	24	**	193
Walnut Village	Anaheim, CA	CCRC	156	14	41	211
Wesley Palms	San Diego, CA	Rental	293	22	**	315
Subtotal			1,326	99	176	1,601
<i>Non-Obligated Group Communities</i>						
Casa de Manana	La Jolla, CA	Rental	187	**	**	187
Claremont Manor	Claremont, CA	Rental	209	13	59	281
Fredericka Manor	Chula Vista, CA	Rental	261	22	174	457
Kingsley Manor	Los Angeles, CA	Rental	215	**	51	266
Subtotal			872	35	284	1,191
Total All Communities			2,198	134	460	2,792

271

** Not applicable



**Historical Average Occupancy
Quarter Ended March 31**

Community Name	2019			2020			2021		
	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	97.7%	**	90.0%	95.8%	**	83.9%	89.9%	**	67.6%
Cecil Pines	99.7%	**	**	99.7%	**	**	100.0%	**	**
England Oaks	86.7%	**	**	90.3%	**	**	94.1%	**	**
Sunny View	97.1%	91.0%	92.3%	97.8%	94.3%	83.3%	94.3%	95.7%	68.8%
Villa Gardens	99.5%	98.2%	90.7%	95.8%	92.9%	84.6%	87.5%	92.0%	60.6%
Vista del Monte	92.2%	83.0%	**	89.0%	87.3%	**	87.4%	92.9%	**
Walnut Village	97.0%	100.0%	91.6%	96.8%	100.0%	74.0%	88.9%	97.9%	**
Wesley Palms	81.5%	98.6%	**	82.9%	96.8%	**	72.1%	85.0%	**
Subtotal	92.5%	95.0%	91.3%	91.9%	93.8%	79.8%	86.8%	92.3%	65.2%
<i>Non-Obligated Group Communities</i>									
Casa de Manana	98.1%	**	**	96.0%	**	**	90.6%	**	**
Claremont Manor	93.9%	94.2%	80.8%	96.3%	100.0%	85.9%	85.2%	93.3%	69.5%
Fredericka Manor	83.5%	92.5%	94.1%	83.2%	95.5%	80.1%	77.6%	90.9%	66.3%
Kingsley Manor	99.7%	**	84.9%	98.2%	**	85.7%	88.9%	**	70.0%
Subtotal	92.9%	93.0%	89.7%	92.6%	96.9%	82.3%	85.0%	91.9%	67.6%
All Communities	92.7%	94.4%	90.4%	92.2%	94.5%	81.2%	86.1%	92.2%	66.8%

** Not applicable



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

Community Name	2019			2020			2021		
	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	97.3%	**	88.8%	96.2%	**	84.8%	91.3%	**	68.2%
Cecil Pines	99.8%	**	**	99.3%	**	**	99.2%	**	**
England Oaks	89.1%	**	**	89.0%	**	**	90.5%	**	**
Sunny View	97.6%	91.0%	85.8%	98.6%	97.4%	86.9%	96.7%	95.7%	72.5%
Villa Gardens	98.1%	97.8%	85.6%	97.0%	95.7%	85.2%	91.3%	90.5%	63.9%
Vista del Monte	89.7%	93.0%	**	91.0%	83.8%	**	88.2%	94.2%	**
Walnut Village	97.8%	100.0%	89.1%	97.0%	99.3%	85.1%	91.9%	98.6%	**
Wesley Palms	82.7%	96.8%	**	82.8%	99.1%	**	75.3%	89.1%	**
Subtotal	92.8%	95.6%	87.6%	92.4%	95.2%	85.4%	88.3%	93.4%	61.5%
<i>Non-Obligated Group Communities</i>									
Casa de Manana	97.8%	**	**	97.2%	**	**	92.3%	**	**
Claremont Manor	92.4%	87.1%	81.5%	95.3%	94.0%	84.4%	91.8%	88.5%	69.7%
Fredericka Manor	83.6%	81.4%	93.3%	83.6%	93.2%	88.6%	80.2%	93.2%	76.4%
Kingsley Manor	99.4%	**	87.8%	97.4%	**	83.7%	92.3%	**	71.6%
Subtotal	92.5%	84.2%	89.9%	92.6%	94.1%	86.9%	88.6%	91.5%	74.2%
All Communities	92.6%	93.1%	88.8%	92.5%	94.9%	86.2%	88.4%	92.9%	69.3%

** Not applicable



Care Center Payor Mix and Occupancy
Quarter ended March 31

<u>Payor</u>	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Private Pay	23.1%	23.6%	30.3%	30.7%	32.4%	52.8%
Medi-Cal ⁽¹⁾	45.7%	45.5%	43.7%	34.2%	35.0%	16.1%
Medicare	22.1%	21.8%	17.0%	29.1%	28.3%	25.0%
Managed Care	9.1%	9.1%	9.0%	6.0%	4.3%	6.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average beds available	518	518	419	234	234	135
Average occupancy	90.4%	81.2%	66.8%	91.3%	79.8%	65.2%

⁽¹⁾ Includes Medi-Cal Managed Care



Care Center Payor Mix and Occupancy
Twelve Months Ended March 31

<u>Payor</u>	<u>Consolidated</u>			<u>Obligated Group</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Private Pay	23.6%	24.4%	28.6%	31.2%	33.6%	46.8%
Medi-Cal ⁽¹⁾	44.5%	46.2%	47.7%	34.2%	34.4%	25.9%
Medicare	23.0%	20.6%	16.2%	29.8%	26.8%	23.7%
Managed Care	8.9%	8.8%	7.5%	4.8%	5.2%	3.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average beds available	518	518	460	234	234	176
Average occupancy	88.8%	86.2%	69.3%	87.6%	85.4%	61.5%

⁽¹⁾ Includes Medi-Cal Managed Care



Management's Discussion
Quarter ended March 31

Unaudited Results of Operations ⁽¹⁾ – Consolidated: Q4 FY21 compared with Q4 FY20

Residential Living occupancy decreased from 92.2% for Q4 FY20 to 86.1% for Q4 FY21. The COVID-19 pandemic greatly impacted occupancy in a negative way. Extra steps and measures had to be taken to safely admit and ensure residents safety. Communities began to slowly open up in Q4 per health guidelines and recommendations. With the exception of Cecil Pines and England Oaks, all communities experienced declining occupancy from Q4 FY20 to Q4 FY21.

Summer House[®] occupancy decreased from 94.5% for Q4 FY20 to 92.2% for Q4 FY21. Overall, the COVID-19 pandemic has not struck the memory care business as strongly. Both Vista del Monte and Sunny View experienced increases in occupancy from Q4 FY20 to Q4 FY21.

Care Center occupancy decreased from 81.2% for Q4 FY20 to 66.8% for Q4 FY21. The skilled nursing business 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 Managed Care while Medi-Cal and Medicare census declined. The average available beds declined from 518 in Q4 FY20 to 419 in Q4 FY21 due to the closure of the Walnut Village Care Center.

Resident and patient service revenue decreased by 10.2% from \$51.1M for Q4 FY20 to \$45.9M for Q4 FY21. Amortization of entrance fees decreased by 7.1% from \$2.7M for Q4 FY20 to \$2.5M for Q4 FY21. Total revenues, gains and other support without donor restriction decreased by 9.7% from \$54.1M for Q4 FY20 to \$48.8M for Q4 FY21. Total operating expenses decreased by 7.0% from \$51.6M for Q4 FY20 to \$48.0M for Q4 FY21. Operating income (loss) before Other Income increased from \$2.2M for Q4 FY20 to \$3.2M for Q4 FY21. Note: this increase was due to income received from the CARES Act for COVID-19 relief exceeding the expenses in the quarter.



Management's Discussion
Twelve Months Ended March 31

Unaudited Results of Operations ⁽¹⁾ – Consolidated: Fiscal Year 2021 Compared to Fiscal Year 2020

Residential Living occupancy decreased from 92.5% for FY20 to 88.4% for FY21. The COVID-19 pandemic greatly impacted occupancy in FY21. Extra steps and measures had to be taken to safely admit and ensure residents safety. Floors and rooms were re-arranged to both manage and prevent the spread of the virus. As the government began to issue vaccines in January 2021, communities began to slowly open up per health guidelines.

Summer House[®] occupancy decreased from 94.9% for FY20 to 92.9% for FY21. Overall, the COVID-19 pandemic has not struck the memory care business as strongly. While most memory businesses declined from FY20 to FY21, Vista del Monte did experience a nice improvement from 83.8% to 94.2%.

Care Center occupancy decreased from 86.2% for FY20 to 69.3% for FY21. The skilled nursing business 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 to 460 in FY21 due to the closure of the Walnut Village Care Center.

Resident and patient service revenue decreased from \$205.5M for FY20 to \$189.0M for FY21, a 8.1% decrease. Amortization of entrance fees decreased slightly from \$10.3M for FY20 to 10.2M for FY21, a 1.0% decrease. Total revenues, gains and other support without donor restriction declined from \$218.0M for FY20 to \$200.6M for FY21, a 8.0% decrease. Total operating expenses decreased from \$211.5M for FY20 to \$200.8M for FY21, a 5.1% decrease. Operating income (loss) before Other Income declined from a gain of \$6.2M for FY20 to a loss of \$4.4M for FY21. Note: these results include COVID-19 expenses of \$8.5M partially offset by \$4.3M of income from the CARES Act for COVID-19 relief.

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
Twelve Months Ended March 31

Balance sheet and cash flow – Consolidated: March 31, 2021 Compared to March 31, 2020

Total assets increased from \$712.6M at March 31, 2020 to \$823.3M at March 31, 2021. Cash and cash equivalents plus short-term investments decreased from \$28.3M at March 31, 2020 to \$18.6M at March 31, 2021. Long-term investments increased from \$254.9M at March 31, 2020 to \$367.0M at March 31, 2021. Property and Equipment, Net increased from \$372.3M at March 31, 2020 to \$374.1M at March 31, 2021. Long-term debt decreased from \$283.7M at March 31, 2020 to \$281.5M at March 31, 2021. The Series 2017B debt officially closed on January 31, 2021 with the final cumulative drawdown amount of \$20.5M. Net assets increased from \$230.6M at March 31, 2020 to \$351.1M at March 31, 2021.

Cash provided by operating activities decreased from \$62.4M at March 31, 2020 to \$37.7M at March 31, 2021. Capital expenditures decreased from \$44.2M at March 31, 2020 to \$32.7M at March 31, 2021. Capital spending and construction activity declined in 2020 due to the COVID-19 pandemic. Proceeds from entrance fees, net decreased from \$16.2M at March 31, 2020 to \$5.6M at March 31, 2021. Cash and cash equivalents decreased from \$19.3 at March 31, 2020 to \$16.2M at March 31, 2021.

COVID-19

COVID-19 has had a negative financial impact beginning in March 2020 with revenue declines due to reduction in occupancy across all levels of care, 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. These financial impacts occurred throughout FY21.

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 year-end March 31, 2021, Front Porch has received COVID relief funds of \$5.6M from the CARES Act while incurring \$8.5M of COVID-related expenses. Currently, \$1.3M of the relief funds are still 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 roll out of the vaccines is ongoing. We will continue to monitor local, state and federal reports, and share information as it becomes available.