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This Continuing Disclosure Quarterly Report is being provided by Front Porch Communities and Services (“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
- \$305,565,000 California Statewide Communities Development Authority Revenue Bonds (Front Porch Communities and Services), Series 2021A and Series 2021B


Continuing Disclosure Quarterly Report

Front Porch’s Continuing Disclosure Quarterly Report (the “Quarterly Report”) is attached hereto and contains the unaudited consolidated financial statements of Front Porch and affiliates for the fiscal quarter ended June 30, 2022. As required by the continuing disclosure certificates for the Bonds, the “obligated persons” (as defined in the Rule) as of the date of this Quarterly Report are Front Porch Communities and Services (the Corporation).

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 quarter 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



Front Porch Consolidated Statements of Operations
(in thousands)

	Three months ended June 30, 2022 (unaudited consolidated)
Revenues, Gains and Other Support Without Donor Restrictions	
Resident and patient service revenue	\$78,589
Amortization of entrance fees	9,039
Affordable housing fees and rents	7,541
Other	1,032
Contributions	2
Net assets released from restriction used for operations	60
Total revenues, gains and other support without donor restrictions	<hr/> 96,264
Expenses	
Medical services	20,193
Communities operating costs	10,219
Dietary services	13,852
Residential services	7,850
Administrative services	18,257
Program expenses	20
Depreciation	16,867
Amortization of deferred costs	92
Interest expense and other financing costs	3,429
Other	2,350
Total operating expenses	<hr/> 93,130
Operating Income (Loss) Before Other Operating Charges	<hr/> 3,134
Other Operating Charges	
COVID-19 related expenses	(572)
Amortization of acquired intangibles	(2,334)
Release of board designated funds	(500)
Total other operating charges	<hr/> (3,406)
Operating Gain (Loss)	(272)
Nonoperating Items	
Investment return, net	(67,418)
Excess (Deficiency) of Revenues Over Expenses	<hr/> (67,690)
Increase (Decrease) in Net Assets Without Donor Restrictions	<hr/> <u>(\$67,690)</u>



Front Porch Consolidated Statements of Changes in Net Assets
(in thousands)

Three months ended June 30, 2022
(unaudited consolidated)

Net Assets Without Donor Restrictions

Excess (Deficiency) of revenues over expenses (\$67,690)

Increase (Decrease) in net assets without donor restrictions (67,690)

Net Assets With Donor Restrictions

Contributions received and investment return (1,514)

Net assets released from restriction used for operations (60)

Increase (Decrease) in net assets with donor restrictions (1,574)

Change in Net Assets

(69,264)

Net Assets, Beginning of the year

1,025,972

Net Assets, End of Year

956,708



Front Porch Consolidated Balance Sheets
(in thousands)

As of June 30, 2022
(unaudited consolidated)

Assets

Current Assets

Cash and cash equivalents	\$52,254
Short-term investments	9,797
Assets limited as to use - required for current liabilities	8,727
Resident and patient accounts receivable	12,311
Prepaid expenses and other	10,029
Other receivables	478
Total current assets	93,596

Investments

Assets limited as to use, net of current portion	57,894
Investments held in trust	501
Long-term investments	466,053
Total investments	524,448

Property and Equipment, Net

1,168,668

Other Assets

Receivables from supporting organizations	1,063
ROU assets - operating leases	9,463
Other receivables	840
Other assets	79,352
Total other assets	90,718

Total assets

\$1,877,430

Liabilities and Net Assets

Current Liabilities

Current maturities of long-term debt	\$8,855
Current portion of operating leases	2,121
Account payable	12,248
Accrued payroll and related expenses	17,948
Intercompany payables	0
Accrued interest	3,406
Other accrued expenses	22,559
Total current liabilities	67,137

Asset retirement obligation	1,939
Accrued workers compensation	7,148
Operating lease liabilities	8,526
Other accrued liabilities	(3,990)
Liabilities for payments to trust benefit	5,859
Refundable entrance fees	150,780
Deferred revenue from entrance fees	225,357
Long-term debt	457,966
Total liabilities	920,722

Net Assets:

Without donor restrictions	923,483
With donor restrictions	33,225
Total net assets	956,708

Total liabilities and net assets \$1,877,430



Average Available Units / Beds by Community

Three Months Ended June 30, 2022

Community Name	Residential	Memory	Care
	Living	Care	Centers
Canterbury Woods	153	**	24
Carlsbad By The Sea	159	**	33
Casa de Manana	183	**	**
Cecil Pines	92	**	**
Claremont Manor	218	17	59
El Sombroso Oaks	22	**	**
England Oaks	182	**	**
Fredericka Manor	250	22	174
Friends House	86	**	**
Kingsley Manor	216	**	51
San Francisco Towers	253	**	23
Spring Lake Village	349	11	70
St. Paul's Towers	216	7	43
Sunny View	93	23	48
Villa Gardens	195	19	54
Vista del Monte	169	24	**
Walnut Village	156	14	**
Webster House	38	**	75
Wesley Palms	293	22	**
Consolidated Total	3,323	159	654

** Not applicable



Average Occupancy by Community

Three Months Ended June 30, 2022

Community Name	Residential	Memory	Care
	Living	Care	Centers
Canterbury Woods	77.8%	**	67.9%
Carlsbad By The Sea	96.2%	**	51.5%
Casa de Manana	95.9%	**	**
Cecil Pines	100.0%	**	**
Claremont Manor	71.0%	82.4%	70.7%
El Sombroso Oaks	90.9%	**	**
England Oaks	96.2%	**	**
Fredericka Manor	79.7%	92.3%	91.6%
Friends House	77.6%	**	**
Kingsley Manor	86.4%	**	56.3%
San Francisco Towers	96.2%	**	72.6%
Spring Lake Village	89.1%	72.7%	61.0%
St. Paul's Towers	91.1%	81.4%	55.1%
Sunny View	91.7%	98.7%	71.5%
Villa Gardens	94.9%	100.0%	65.4%
Vista del Monte	88.8%	95.8%	**
Walnut Village	87.4%	97.9%	**
Webster House	76.3%	**	87.1%
Wesley Palms	79.4%	95.5%	**
Consolidated Total	87.6%	92.7%	73.5%

** Not applicable



Care Center Payor Mix

Payor	Three Months Ended June 30, 2022
Private Pay	16.0%
Continuing Care Residents	8.2%
Medi-Cal	41.5%
Medicare	26.6%
Managed Care	7.7%
Total	100.0%



Management's Discussion

Unaudited Results of Operations⁽¹⁾ – Consolidated Operations: Q1 FY23

Residential Living occupancy for the whole system achieved 87.6% occupancy for the quarter. Thirteen out of nineteen campuses exhibited strong occupancy with nine above 90% and four above 80%. The average current capacity for the quarter was 3,323 units.

Summer House occupancy for the whole system achieved 92.7% occupancy for the quarter. The demand for memory care continues to be strong and consistent. Eight out of nine campuses were above 80% with six of the nine above 90% occupancy. The average current capacity for the quarter was 159 units.

Care Center occupancy for the whole system achieved 73.5% occupancy for the quarter. The care center business continued to have challenges. Nine out of eleven care centers were below 80% occupancy for the quarter. The payor mix breakdown were as follows: Private Pay 16.0%, Continuing Care Residents 8.2%, Medi-Cal 41.5%, Medicare 26.6%, and Managed Care 7.7%. The average available beds for the quarter were 654.

Resident and patient service revenue accounted for \$78.6M (82%), amortization revenue \$9.0M (9%) and Other and Net Assets \$8.6M (9%) of the total \$96.3M in total revenues for the quarter. Total expenses for the quarter were \$93.1M. The primary drivers consisted of Medical Services, Administration services and depreciation. Operating Income Before Other Operating Charges were \$3.1M for the quarter.

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.

Unaudited Balance sheet – Consolidated Operations as of June 30, 2022

Total assets for the whole system were \$1,877.4M at June 30, 2022. Cash and cash equivalents plus short-term investments were \$62.1M. Long-term investments and Property and Equipment, net were \$466.1M and \$1,168.7M, respectively at June 30, 2022. On the liabilities side refundable entrance fees were \$150.8M and deferred revenue from entrance fees were \$225.4M. Long-term debt at June 30, 2022 was \$458.0M. Total change in Net Assets Without Donor Restrictions were a decrease of \$67.7M at June 30, 2022.