



800 n. brand blvd
19th floor
glendale, ca 91203
tel 818 254 4100
fax 818 254 4101

August 8, 2023

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, 2023. 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, 2023
(unaudited consolidated)

Revenues, Gains and Other Support Without Donor Restrictions

Resident and patient service revenue	\$82,016
Amortization of entrance fees	8,802
Affordable housing fees and rents	7,972
Other	379
Contributions	240
Net assets released from restriction used for operations	713
Total revenues, gains and other support without donor restrictions	100,123

Expenses

Medical services	20,511
Communities operating costs	11,533
Dietary services	14,683
Residential services	8,319
Administrative services	18,797
Program expenses	812
Depreciation	17,944
Amortization of deferred costs	175
Interest expense and other financing costs	3,356
Other	2,091
Total operating expenses	98,220

Operating Income (Loss) Before Other Operating Charges

1,903

Other Operating Charges

Amortization of acquired intangibles asset and other	(2,600)
Total other operating charges	(2,600)

Operating Gain (Loss)

(697)

Nonoperating Items

Investment return, net	18,068
Gain (loss) on sale of property	12
Nonoperating gains (loss)	(1)

Excess (Deficiency) of Revenues Over Expenses

17,381

Increase (Decrease) in Net Assets Without Donor Restrictions

\$17,381



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

Three Months Ended June 30, 2023

Net Assets Without Donor Restrictions

Excess (Deficiency) of revenues over expenses \$17,381

Increase (Decrease) in net assets without donor restrictions 17,381

Net Assets With Donor Restrictions

Contributions received and investment return 2,024

Net assets released from restriction used for operations (713)

Increase (Decrease) in net assets with donor restrictions 1,311

Change in Net Assets **18,693**

Net Assets, Beginning of the quarter **969,207**

Net Assets, End of the quarter **987,900**



Front Porch Consolidated Balance Sheets
(in thousands)

As of June 30, 2023
(unaudited consolidated)

Assets

Current Assets

Cash and cash equivalents	\$51,018
Short-term investments	7,600
Assets limited as to use - required for current liabilities	283
Resident and patient accounts receivable	10,388
Prepaid expenses and other	19,745
Other receivables	843
Total current assets	89,877

Investments

Assets limited as to use, net of current portion	59,018
Investments held in trust	488
Long-term investments	480,974
Total investments	540,480

Property and Equipment, Net

1,195,560

Other Assets

Receivables from supporting organizations	850
ROU assets - operating leases	9,373
Other receivables	1,218
Other assets	70,643
Total other assets	82,083

Total assets

\$1,908,000

Liabilities and Net Assets

Current Liabilities

Current maturities of long-term debt	\$9,442
Current portion of operating leases	1,964
Account payable	16,355
Accrued payroll and related expenses	18,646
Intercompany payables	124
Accrued interest	3,291
Other accrued expenses	25,737
Total current liabilities	75,559

Asset retirement obligation	1,681
Accrued workers compensation	5,950
Operating lease liabilities	8,199
Other accrued liabilities	14,096
Liabilities for payments to trust benefit	5,526
Refundable entrance fees	123,328
Deferred revenue from entrance fees	238,297
Long-term debt	447,465
Total liabilities	920,100

Net Assets:

Without donor restrictions	951,420
With donor restrictions	36,480
Total net assets	987,900

Total liabilities and net assets

\$1,908,000



Average Available Units / Beds by Community

Three Months Ended June 30, 2023

Community Name	Residential Living	Memory Care	Care Centers
Canterbury Woods	145	**	24
Carlsbad By The Sea	159	**	33
Casa de Manana	188	**	**
Cecil Pines	92	**	**
Claremont Manor	216	17	59
El Sombroso Oaks	22	**	**
England Oaks	182	**	**
Fredericka Manor	250	22	174
Friends House	86	**	**
Kingsley Manor	216	**	51
San Francisco Towers	252	12	27
Spring Lake Village	348	11	70
St. Paul's Towers	214	7	43
Sunny View	93	23	48
Villa Gardens	195	19	54
Vista del Monte	169	24	**
Walnut Village	156	14	**
Webster House	38	**	145
Wesley Palms	293	22	**
Consolidated Total	3,314	171	728

** Not applicable



Average Occupancy by Community

Three Months Ended June 30, 2023

Community Name	Residential	Memory	Care
	Living	Care	Centers
Canterbury Woods	83.0%	**	75.0%
Carlsbad By The Sea	98.7%	**	80.9%
Casa de Manana	94.1%	**	**
Cecil Pines	100.0%	**	**
Claremont Manor	71.6%	90.0%	68.3%
El Sombroso Oaks	100.0%	**	**
England Oaks	97.8%	**	**
Fredericka Manor	76.8%	87.7%	46.4%
Friends House	81.4%	**	**
Kingsley Manor	79.8%	**	47.1%
San Francisco Towers	92.7%	94.2%	63.0%
Spring Lake Village	88.8%	79.1%	63.9%
St. Paul's Towers	90.8%	61.4%	67.4%
Sunny View	91.4%	97.0%	58.3%
Villa Gardens	94.7%	100.0%	69.8%
Vista del Monte	94.3%	97.1%	**
Walnut Village	87.2%	100.0%	**
Webster House	82.4%	**	42.8%
Wesley Palms	81.3%	95.5%	**
Consolidated Total	87.7%	92.7%	56.1%

** Not applicable



Care Center Payor Mix

Payor	Three Months Ended June 30, 2023
Private Pay	31.8%
Medi-Cal	41.3%
Medicare	20.5%
Managed Care	6.4%
Total	100.0%



Management's Discussion

Unaudited Results of Operations ⁽¹⁾ – Consolidated: Q1 FY24

Residential Living average occupancy was 87.7% for the quarter. Sixteen of the nineteen communities were above 80% with ten exceeding 90%. The average capacity for the quarter was 3,314 units.

Summer House average occupancy was 92.7% for the quarter. Memory care service continues to be strong and steady. Eight of the ten communities were above 80% with seven exceeding 90%. The average capacity for the quarter was 171 units.

Care Center average occupancy was 56.1% for the quarter. Care center occupancy continues to decline with ten of eleven communities below 80% occupancy. The payor mix breakdown were as follows: Private Pay 31.8%, Medi-Cal 41.3%, Medicare 20.5%, and Managed Care 6.4%. The average available beds for the quarter were 728.

Resident and patient service revenue accounted for \$82.0M (82%), amortization revenue \$8.8M (9%), affordable housing revenue \$8.0M (8%), and other revenues \$1.3M (1%) of the total \$100.1M for the quarter. Total expenses for the quarter were \$98.2M. The largest contributors were Medical Services and Administrative services. Operating Income Before Other Operating Charges was \$1.9M.

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: June 30, 2023

Total assets were \$1,908.0M at June 30, 2023. Cash and cash equivalents plus short-term investments were \$58.6M. Long-term investments and Property and Equipment, net were \$481.0M and \$1,195.6M, respectively. On the liabilities side refundable entrance fees were \$123.3M and deferred revenue from entrance fees were \$238.3M. Long-term debt was \$447.5M. Total change in Net Assets Without Donor Restrictions were an increase of 17.4M for the quarter ended June 30, 2023.