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November 13, 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 September 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 September 30, 2023
(unaudited consolidated)

Revenues, Gains and Other Support Without Donor Restrictions

Resident and patient service revenue	\$81,090
Amortization of entrance fees	9,950
Affordable housing fees and rents	7,926
Other	322
Contributions	(219)
Net assets released from restriction used for operations	861
Total revenues, gains and other support without donor restrictions	<u>99,930</u>

Expenses

Medical services	20,595
Communities operating costs	12,322
Dietary services	14,867
Residential services	8,305
Administrative services	20,559
Program expenses	372
Depreciation	19,233
Amortization of deferred costs	66
Interest expense and other financing costs	3,276
Other	2,264
Total operating expenses	<u>101,860</u>

Operating Income (Loss) Before Other Operating Charges

(1,930)

Other Operating Charges

Amortization of acquired intangibles asset and other	(2,601)
Total other operating charges	<u>(2,601)</u>

Operating Gain (Loss)

(4,530)

Nonoperating Items

Investment return, net	(14,411)
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Excess (Deficiency) of Revenues Over Expenses

(18,941)

Contributions from Affiliates - Capital	32
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Increase (Decrease) in Net Assets Without Donor Restrictions

(\$18,909)



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

Three Months Ended September 30, 2023

Net Assets Without Donor Restrictions

Excess (Deficiency) of revenues over expenses	(\$18,941)
Contribution from Affiliates	\$32

Increase (Decrease) in net assets without donor restrictions	(18,909)
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Net Assets With Donor Restrictions

Contributions received and investment return	760
Net assets released from restriction used for operations	(934)

Increase (Decrease) in net assets with donor restrictions	(174)
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Change in Net Assets	(19,083)
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Net Assets, Beginning of the quarter	987,900
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Net Assets, End of the quarter	968,816
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Front Porch Consolidated Balance Sheets
(in thousands)

As of September 30, 2023
(unaudited consolidated)

Assets

Current Assets

Cash and cash equivalents	\$58,881
Short-term investments	6,255
Assets limited as to use - required for current liabilities	6,705
Resident and patient accounts receivable	12,705
Prepaid expenses and other	14,362
Other receivables	830
Total current assets	<u>99,738</u>

Investments

Assets limited as to use, net of current portion	59,295
Investments held in trust	501
Long-term investments	443,391
Total investments	<u>503,187</u>

Property and Equipment, Net

1,201,269

Other Assets

Receivables from supporting organizations	850
ROU assets - operating leases	8,430
Other receivables	1,218
Other assets	68,610
Total other assets	<u>79,107</u>

Total assets

\$1,883,301

Liabilities and Net Assets

Current Liabilities

Current maturities of long-term debt	\$9,057
Current portion of operating leases	1,055
Account payable	13,985
Accrued payroll and related expenses	15,627
Intercompany payables	126
Accrued interest	6,570
Other accrued expenses	26,219
Total current liabilities	<u>72,640</u>

Asset retirement obligation	1,608
Accrued workers compensation	6,239
Operating lease liabilities	8,247
Other accrued liabilities	13,778
Liabilities for payments to trust benefit	5,539
Refundable entrance fees	121,995
Deferred revenue from entrance fees	237,089
Long-term debt	447,349
Total liabilities	<u>914,484</u>

Net Assets:

Without donor restrictions	932,518
With donor restrictions	36,299
Total net assets	<u>968,816</u>

Total liabilities and net assets

\$1,883,301



Average Available Units / Beds by Community

Three Months Ended September 30, 2023

Community Name	Residential	Memory	Care
	Living	Care	Centers
Canterbury Woods	145	**	24
Carlsbad By The Sea	159	**	33
Casa de Manana	188	**	**
Cecil Pines	92	**	**
Claremont Manor	217	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	3,315	171	728

** Not applicable



Average Occupancy by Community

Three Months Ended September 30, 2023

Community Name	Residential	Memory	Care
	Living	Care	Centers
Canterbury Woods	81.6%	**	70.8%
Carlsbad By The Sea	99.2%	**	81.8%
Casa de Manana	93.1%	**	**
Cecil Pines	99.2%	**	**
Claremont Manor	74.7%	98.2%	65.6%
El Sombroso Oaks	100.0%	**	**
England Oaks	98.7%	**	**
Fredericka Manor	78.5%	85.0%	23.4%
Friends House	81.0%	**	**
Kingsley Manor	79.6%	**	41.2%
San Francisco Towers	91.8%	97.5%	61.9%
Spring Lake Village	89.1%	93.6%	55.7%
St. Paul's Towers	91.1%	85.7%	62.8%
Sunny View	95.4%	97.0%	57.7%
Villa Gardens	97.3%	96.3%	70.9%
Vista del Monte	95.7%	90.4%	**
Walnut Village	84.6%	87.9%	**
Webster House	83.4%	**	40.7%
Wesley Palms	80.3%	95.5%	**
Consolidated Total	88.1%	93.0%	48.4%

** Not applicable



Care Center Payor Mix

Payor	Three Months Ended September 30, 2023
Private Pay	31.9%
Medi-Cal	37.9%
Medicare	24.0%
Managed Care	6.2%
Total	100.0%



Management's Discussion

Unaudited Results of Operations ⁽¹⁾ – Consolidated: Q2 FY24

Residential Living average occupancy was 88.1% for the quarter. Sixteen of the nineteen communities were above 80% with ten exceeding 90%. The average capacity for the quarter was 3,315 units.

Summer House average occupancy was 93.0% for the quarter. Memory care service continues to be strong and steady. All ten communities were above 80% with seven exceeding 90%. The average capacity for the quarter was 171 units.

Care Center average occupancy was 48.4% 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 31.9%, Medi-Cal 37.9%, Medicare 24.0%, and Managed Care 6.2%. The average available beds for the quarter were 728.

Resident and patient service revenue accounted for \$81.1M (81%), amortization revenue \$10.0M (10%), affordable housing revenue \$7.9M (8%), and other revenues \$0.9M (1%) of the total \$99.9M for the quarter. Total expenses for the quarter were \$101.9M. The largest contributors were Medical Services and Administrative services. Operating Loss 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: September 30, 2023

Total assets were \$1,883.3M at September 30, 2023. Cash and cash equivalents plus short-term investments were \$65.1M. Long-term investments and Property and Equipment, net were \$443.4M and \$1,201.3M, respectively. On the liabilities side refundable entrance fees were \$122.0M and deferred revenue from entrance fees were \$237.1M. Long-term debt was \$447.3M. Total change in Net Assets Without Donor Restrictions were an decrease of 18.9M for the quarter ended September 30, 2023.