



front porch

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February 13, 2025

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 December 31, 2024. 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 T Salvador*  
Eduardo Salvador  
Chief Financial Officer



**Front Porch Consolidated Statements of Operations**  
(in thousands)

**Three Months Ended December 31, 2024**  
(unaudited consolidated)

**Revenues, Gains and Other Support Without Donor Restrictions**

Resident and patient service revenue	\$84,088
Amortization of entrance fees	9,871
Affordable housing fees and rents	8,313
Other	647
Contributions	28
Net assets released from restriction used for operations	1,174
Total revenues, gains and other support without donor restrictions	104,120

**Expenses**

Medical services	20,505
Communities operating costs	13,177
Dietary services	16,738
Residential services	9,717
Administrative services	22,203
Program expenses	694
Depreciation	21,662
Amortization of deferred costs	67
Interest expense and other financing costs	3,250
Other	2,634
Total operating expenses	110,646

**Operating Income (Loss) Before Other Operating Charges**

(6,526)

**Other Operating Charges**

Amortization of acquired intangibles asset and other	(2,647)
Total other operating charges	(2,647)

**Operating Gain (Loss)**

(9,174)

**Nonoperating Items**

Investment return, net	(9,257)
Non-operating gain (loss)	(2,189)

**Excess (Deficiency) of Revenues Over Expenses**

(20,620)

Net assets released for capital	0
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**Increase (Decrease) in Net Assets Without Donor Restrictions**

**(\$20,620)**



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

**Three Months Ended December 31, 2024**

**Net Assets Without Donor Restrictions**

Excess (Deficiency) of revenues over expenses (\$20,620)

Increase (Decrease) in net assets without donor restrictions (20,620)

**Net Assets With Donor Restrictions**

Contributions received and investment return 1,096

Net assets released from restriction used for operations (1,174)

Change in split interest agreements (713)

Increase (Decrease) in net assets with donor restrictions (791)

**Change in Net Assets** **(21,410)**

**Net Assets, Beginning of the quarter** **1,045,510**

**Net Assets, End of the quarter** **\$1,024,100**



**Front Porch Consolidated Balance Sheets**  
(in thousands)

As of December 31, 2024  
(unaudited consolidated)

**Assets**

**Current Assets**

Cash and cash equivalents	\$97,615
Short-term investments	4,925
Assets limited as to use - required for current liabilities	166
Resident and patient accounts receivable	11,137
Prepaid expenses and other	19,915
Other receivables	760
Total current assets	<u>134,520</u>

**Investments**

Assets limited as to use, net of current portion	58,715
Investments held in trust	516
Long-term investments	419,290
Total investments	<u>478,522</u>

**Property and Equipment, Net**

1,254,276

**Other Assets**

Receivables from supporting organizations	810
ROU assets - operating leases	15,201
Other receivables	430
Other assets	56,640
Total other assets	<u>73,081</u>

**Total assets**

\$1,940,399

**Liabilities and Net Assets**

**Current Liabilities**

Current maturities of long-term debt	\$9,036
Current portion of operating leases	1,567
Accounts payable	15,011
Accrued payroll and related expenses	21,444
Intercompany payables	257
Accrued interest	3,321
Other accrued expenses	26,596
Total current liabilities	<u>77,233</u>

Asset retirement obligation	1,666
Accrued workers compensation	5,320
Operating lease liabilities	14,532
Other accrued liabilities	10,721
Liabilities for payments to trust benefit	4,978
Refundable entrance fees	124,768
Deferred revenue from entrance fees	240,860
Long-term debt	436,219
Total liabilities	<u>916,299</u>

**Net Assets:**

Without donor restrictions	985,266
With donor restrictions	38,834
Total net assets	<u>1,024,100</u>

**Total liabilities and net assets**

\$1,940,399



## Average Available Units / Beds by Community

### Three Months Ended December 31, 2024

Community Name	Residential	Memory	Care
	Living	Care	Centers
Canterbury Woods	141	**	24
Carlsbad By The Sea	160	**	33
Casa de Manana	188	**	**
Cecil Pines	92	**	**
Claremont Manor	225	17	59
El Sombroso Oaks	22	**	**
England Oaks *	182	**	**
Fredericka Manor	246	44	**
Friends House	85	**	**
Kingsley Manor	203	**	**
San Francisco Towers	252	12	27
Spring Lake Village	346	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	162	44	**
Webster House	38	**	93
Wesley Palms	293	22	**
<b>Consolidated Total</b>	<b>3,306</b>	<b>223</b>	<b>451</b>

\* England Oaks lease discontinued on October 31, 2024.

\*\* Not applicable



## Average Occupancy by Community

Three Months Ended December 31, 2024

Community Name	Residential	Memory	Care
	Living	Care	Centers
Canterbury Woods	87.4%	**	72.1%
Carlsbad By The Sea	99.2%	**	85.8%
Casa de Manana	91.5%	**	**
Cecil Pines	98.9%	**	**
Claremont Manor	90.8%	94.1%	58.1%
El Sombroso Oaks	95.5%	**	**
England Oaks *	31.5%	**	**
Fredericka Manor	84.8%	84.8%	**
Friends House	85.1%	**	**
Kingsley Manor	90.1%	**	**
San Francisco Towers	91.0%	94.2%	63.0%
Spring Lake Village	94.5%	60.9%	64.3%
St. Paul's Towers	89.1%	71.4%	59.8%
Sunny View	94.3%	92.6%	73.5%
Villa Gardens	91.9%	98.4%	73.5%
Vista del Monte	92.3%	98.8%	**
Walnut Village	90.3%	27.3%	**
Webster House	91.3%	**	55.2%
Wesley Palms	85.0%	98.6%	**
<b>Consolidated Total</b>	<b>87.5%</b>	<b>77.9%</b>	<b>65.2%</b>

\* England Oaks lease discontinued on October 31, 2024.

\*\* Not applicable



## Care Center Payor Mix

<b>Payor</b>	<b>Three Months Ended December 31, 2024</b>
Private Pay	34.7%
Medi-Cal	28.7%
Medicare	33.7%
Managed Care	2.9%
<b>Total</b>	<b>100.0%</b>



## Management's Discussion

### Unaudited Results of Operations<sup>(1)</sup> – Consolidated: Q3 FY25

Residential Living average occupancy was 87.5% for the quarter. Eighteen communities were above 80%, with eleven exceeding 90%. The lease for the England Oaks community was discontinued on October 31, 2024 which negatively impacted the occupancy for the quarter. The average unit capacity for the quarter was 3,306 units.

Summer House average occupancy was 77.9% for the quarter. Seven out of ten communities were above 80%, with six exceeding 90%. The quarter was negatively impacted by a slower fill up rate for SH II at Walnut Village (WV) and struggles at Spring Lake Village and St. Paul's Towers. The average unit capacity for the quarter increased to 223 units due to WV.

Care Center average occupancy was 65.2% for the quarter. Only one of nine were above 80%. The care center business continues to be evaluated for options. The payor mix breakdown were as follows: Private Pay 34.7%, Medi-Cal 28.7%, Medicare 33.7%, and Managed Care 2.9%. The average available beds for the quarter were 451.

Resident and patient service revenue accounted for \$84.1M (81%), amortization revenue \$9.9M (9%), affordable housing revenue \$8.3M (8%), and other revenues \$1.8M (2%) of the total \$104.1M for the quarter. Total expenses were \$110.6M. The largest contributors were Administrative services, Medical services, and depreciation. Operating Loss Before Other Operating Charges were \$6.5M.

#### 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: December 31, 2024

Total assets were \$1,940.4M at December 31, 2024. Cash and cash equivalents plus short-term investments were \$102.5M. Long-term investments and Property and Equipment, net were \$419.3M and \$1,254.3M, respectively. On the liabilities side refundable entrance fees were \$124.8M and deferred revenue from entrance fees were \$240.9M. Long-term debt was \$436.2M. Total change in Net Assets Without Donor Restrictions was a decrease of \$20.6M for the quarter ended December 31, 2024.