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February 12, 2024

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, 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 December 31, 2023**  
(unaudited consolidated)

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

Resident and patient service revenue	\$80,627
Amortization of entrance fees	11,818
Affordable housing fees and rents	8,035
Other	79
Contributions	17
Net assets released from restriction used for operations	1,225
Total revenues, gains and other support without donor restrictions	101,800

**Expenses**

Medical services	20,246
Communities operating costs	11,493
Dietary services	15,352
Residential services	8,648
Administrative services	20,313
Program expenses	819
Depreciation	19,698
Amortization of deferred costs	55
Interest expense and other financing costs	3,271
Other	1,730
Total operating expenses	101,624

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

176

**Other Operating Charges**

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

**Operating Gain (Loss)**

(2,424)

**Nonoperating Items**

Investment return, net	43,019
Gain (loss) on sale of property	0
Nonoperating gains (loss)	0

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

40,595

Contributions from Affiliates - Capital

171

**Increase (Decrease) in Net Assets Without Donor Restrictions**

\$40,766



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

**Three Months Ended December 31, 2023**

**Net Assets Without Donor Restrictions**

Excess (Deficiency) of revenues over expenses	\$40,595
Contribution from Affiliates	\$171

Increase (Decrease) in net assets without donor restrictions	40,766
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**Net Assets With Donor Restrictions**

Contributions received and investment return	2,604
Net assets released from restriction used for operations	(1,152)

Increase (Decrease) in net assets with donor restrictions	1,452
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<b>Change in Net Assets</b>	<b>42,217</b>
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<b>Net Assets, Beginning of the quarter</b>	<b>968,816</b>
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<b>Net Assets, End of the quarter</b>	<b>1,011,033</b>
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## Front Porch Consolidated Balance Sheets (in thousands)

As of December 31, 2023  
(unaudited consolidated)

### Assets

#### Current Assets

Cash and cash equivalents	\$66,543
Short-term investments	6,292
Assets limited as to use - required for current liabilities	142
Resident and patient accounts receivable	10,808
Prepaid expenses and other	15,099
Other receivables	1,278
Total current assets	100,162

#### Investments

Assets limited as to use, net of current portion	61,223
Investments held in trust	493
Long-term investments	473,072
Total investments	534,788

#### Property and Equipment, Net

1,214,292

#### Other Assets

Receivables from supporting organizations	850
ROU assets - operating leases	8,119
Other receivables	1,218
Other assets	66,745
Total other assets	76,932

#### Total assets

**\$1,926,174**

### Liabilities and Net Assets

#### Current Liabilities

Current maturities of long-term debt	\$8,955
Current portion of operating leases	1,055
Account payable	17,133
Accrued payroll and related expenses	20,079
Intercompany payables	694
Accrued interest	3,291
Other accrued expenses	25,548
Total current liabilities	76,755

Asset retirement obligation	1,561
Accrued workers compensation	6,239
Operating lease liabilities	7,851
Other accrued liabilities	13,540
Liabilities for payments to trust benefit	5,532
Refundable entrance fees	120,683
Deferred revenue from entrance fees	235,923
Long-term debt	447,057
Total liabilities	915,141

#### Net Assets:

Without donor restrictions	973,278
With donor restrictions	37,755
Total net assets	1,011,033

#### Total liabilities and net assets

**\$1,926,174**



## Average Available Units / Beds by Community

**Three Months Ended December 31, 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	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	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	**
<b>Consolidated Total</b>	<b>3,316</b>	<b>171</b>	<b>728</b>

\*\* Not applicable



## Average Occupancy by Community

Three Months Ended December 31, 2023

Community Name	Residential	Memory	Care
	Living	Care	Centers
Canterbury Woods	79.3%	**	69.6%
Carlsbad By The Sea	99.6%	**	82.7%
Casa de Manana	91.5%	**	**
Cecil Pines	98.9%	**	**
Claremont Manor	82.6%	98.2%	73.4%
El Sombroso Oaks	100.0%	**	**
England Oaks	98.0%	**	**
Fredericka Manor *	75.1%	81.8%	0.4%
Friends House	84.9%	**	**
Kingsley Manor *	79.8%	**	20.2%
San Francisco Towers	90.6%	91.7%	59.3%
Spring Lake Village	89.3%	100.0%	59.6%
St. Paul's Towers	91.1%	85.7%	61.2%
Sunny View	96.0%	100.0%	66.0%
Villa Gardens	95.5%	98.4%	75.9%
Vista del Monte	96.0%	84.6%	**
Walnut Village	83.1%	87.9%	**
Webster House	83.4%	**	38.8%
Wesley Palms	81.1%	92.3%	**
<b>Consolidated Total</b>	<b>88.1%</b>	<b>92.0%</b>	<b>42.8%</b>

\* Fredericka and Kingsley care centers are closed this quarter.

\*\* Not applicable



## Care Center Payor Mix

<b>Payor</b>	<b>Three Months Ended December 31, 2023</b>
Private Pay	31.2%
Medi-Cal	38.4%
Medicare	22.4%
Managed Care	8.0%
<b>Total</b>	<b>100.0%</b>



## Management's Discussion

### Unaudited Results of Operations <sup>(1)</sup> – Consolidated: Q3 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 3,316 units.

Summer House average occupancy was 92.0% for the quarter. Memory care service continues to be strong and steady. All ten communities were above 80% with six exceeding 90%. The average capacity for the quarter was 171 units.

Care Center average occupancy was 42.8% for the quarter. Care center occupancy continues to decline with ten of eleven communities below 80% occupancy. Fredericka and Kingsley care centers were closed during the quarter. The payor mix breakdown were as follows: Private Pay 31.2%, Medi-Cal 38.4%, Medicare 22.4%, and Managed Care 8.0%. The average available beds for the quarter were 728.

Resident and patient service revenue accounted for \$80.6M (79%), amortization revenue \$11.8M (12%), affordable housing revenue \$8.0M (8%), and other revenues \$1.4M (1%) of the total \$101.8M for the quarter. Total expenses for the quarter were \$101.6M. The largest contributors were Medical Services and Administrative services. Operating Gain Before Other Operating Charges was \$176K.

#### 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, 2023

Total assets were \$1,926.2M at December 31, 2023. Cash and cash equivalents plus short-term investments were \$72.8M. Long-term investments and Property and Equipment, net were \$473.1M and \$1,214.3M, respectively. On the liabilities side refundable entrance fees were \$120.7M and deferred revenue from entrance fees were \$235.9M. Long-term debt was \$447.1M. Total change in Net Assets Without Donor Restrictions were an increase of 40.8M for the quarter ended December 31, 2023.