

Front Porch
State of the Organization Presentation Agenda
September 10th
9:30 a.m.
Rochambeau Room

Review of the Front Porch Audit - Fiscal year End 2013

Mary Miller, CFO

The Role of Charitability Within The Front Porch Family

Gary Wheeler, CEO

The Future of Retirement Communities

Roberta Jacobsen, President

Questions and Answers

Questions must be submitted to Joan Johnson by September 2, 2013

Presentation to Residents

STATE OF THE ORGANIZATION



Financial Summary

Year Ended March 31, 2013

Front Porch
Summarized Income Statement
(Audited)

\$'s in Thousands

	Year Ended	
	3/31/2013	3/31/2012
Revenues		
Service Revenue	\$ 171,430	\$ 163,993
Net Assets Released for Operations	630	517
Total Revenues	<u>172,060</u>	<u>164,510</u>
Expenses		
Operating Expenses	133,661	129,067
Depreciation & Amortization	22,208	21,044
Interest	11,972	12,020
Total Expenses	<u>167,841</u>	<u>162,131</u>
Operating Gain Before Other Operating Charges	4,219	2,379
Other Operating Charges		
Asset Impairment - Wesley Palms Redevelopment	(2,968)	-
Operating Gain	<u>1,251</u>	<u>2,379</u>
Non-Operating Items		
Investment Return	15,098	15,436
Nonoperating Gains, Net	19	-
Total Nonoperating Revenue, Net	<u>15,117</u>	<u>15,436</u>
Excess of Revenue Over Expense	16,368	17,815
Loss from Discontinued Operations	(2)	(1,766)
Net Assets Released for Capital Expenditures	1,708	177
Increase in Unrestricted Net Assets	<u>\$ 18,074</u>	<u>\$ 16,226</u>

Events affecting 2013 financial results

- Higher revenues in all levels of care
- Continued fill-up of Walnut Village
- Continued effectiveness in managing costs
- Workers' compensation rate increase
- Write-off of Wesley Palms redevelopment costs
- Realized and unrealized gains on investment portfolio

Front Porch
Summarized Balance Sheet
(Audited)

\$'s in Thousands

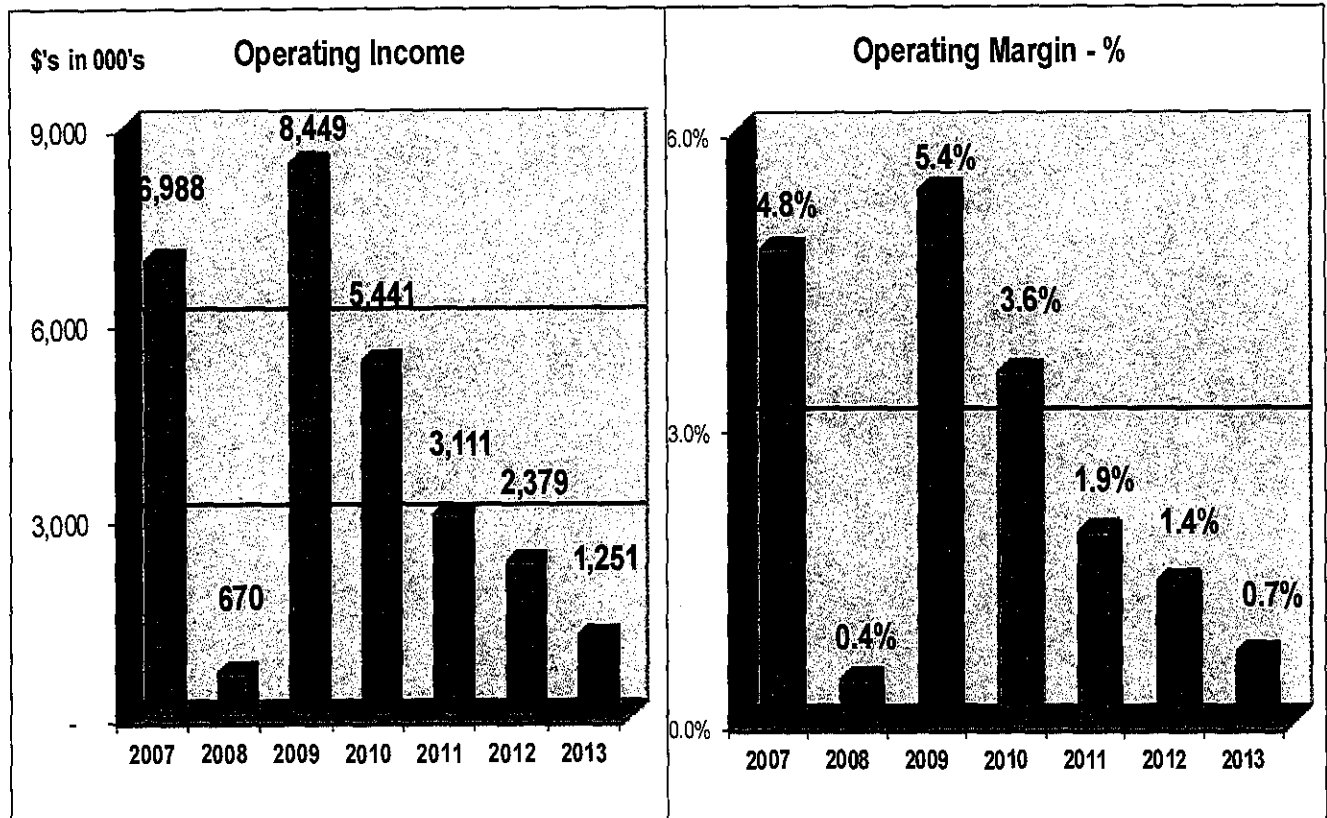
	As Of	
	<u>3/31/2013</u>	<u>3/31/2012</u>
Assets		
Cash	\$ 20,287	\$ 13,144
Accounts Receivable (From Residents)	8,431	7,531
Due From Foundations	20,314	19,276
Investments	169,538	159,850
Restricted Investments & Other Assets	67,001	70,507
Communities & Facilities	286,144	284,761
Total Assets	<u>\$ 571,715</u>	<u>\$ 555,069</u>
Liabilities & Fund Balance		
Accounts Payable (Vendors)	\$ 6,084	\$ 4,737
Other Payables (Employees, Interest, etc.)	22,571	22,723
Deferred Revenue from Accommodation Fees	77,526	71,590
Long Term Debt	264,931	273,723
Other Liabilities	35,110	34,976
Fund Balance - Unrestricted	145,756	127,682
- Restricted	19,737	19,638
Total Liabilities & Fund Balance	<u>\$ 571,715</u>	<u>\$ 555,069</u>

Front Porch

Key Strategies for the Future

- 1) Continue to generate an operating surplus (exclusive of redevelopments) without consideration of investment and gift income.**
- 2) Continue to invest in capital improvements at a level that at least covers annual depreciation expense.**
- 3) Successfully fill Walnut Village.**
- 4) Continue to find creative ways to grow and to build the financial strength of the company.**
- 5) Manage the replacement of outdated assets.**
- 6) Effectively manage tax-exempt/charitable status of the company in an increasingly “anti-not-for-profit” environment by governments seeking revenue sources.**

Financial Trends



Days Cash on Hand

