Finding Stability Within Change:

NaCCRA's Role in Maintaining Hope As CCRC's Evolve

NaCCRA = National Continuing Care Residents Association
CCRC = Continuing Care Retirement Community or Life Plan Community

Finding Stability Within Change:
NaCCRA's Role in Maintaining Hope as CCRCs Evolve

Good morning, everyone.

Thank you for inviting me to share some thoughts with you about CCRC life as it is evolving. Let me say at the outset just a word about how I got into this.

It started when my parents entered a CCRC in 1991 and I became a careful observer of their experience and of the community in which they lived. They were having a very good experience, so, when I retired in the year 2,000 and moved off the campus where I had been living and working, I rented an apartment in the CCRC where my parents lived, so, for a number of years, we had two generations in the same CCRC. Eventually, in 2009, I signed a life care contract with Pennswood Village, where I currently live. Along the way I got involved with the National Continuing Care Residents Association, also known as NaCCRA, where I serve on the Board and have also served as President, and I also joined PARCR, where I have served on the Executive Committee. **(Slide Number 1).** So I have been involved with CCRCs one way or another for 30 years, which is, perhaps, somewhat longer than most people.

My educational background is in physics and philosophy, so I have no professional expertise in accounting, actuarial science, or medicine, the key professions relevant to CCRC administration. So, like most of you, I am simply an amateur with a background of some activism.

The CCRC industry is a huge and complicated field. To trim it down, I am going to focus today on two topics only: governance and finance.

(Slide Number 2 – 432 Park Avenue). Let me begin with this picture. First, let me emphasize that what I am showing you is not a CCRC, but I hope it will eventually become clear why I am starting off this way.

This is 432 Park Avenue in Manhattan. You can see in the photograph other Manhattan landmarks – the familiar profiles of the Empire State Building and the new World Trade Center tower appear to the right of number 432. Number 432 looks taller than the Empire State Building. This is not an optical illusion or a photographic trick. 432 Park Avenue is actually 1,600 feet tall, several hundred feet higher than the Empire State Building in spite of its very slender cross section. It is one of a new style of building called pencil skyscrapers, and for a while after its opening in 2015 it was the tallest exclusively residential building in the world.

432 Park Avenue

(Slide Number 3 – Central Park View). Apartments in this building range in price from 18 million dollars to 88 million dollars. Many of them afford spectacular views of Central Park.

(Slide Number 4 – Aerial view of 432 Park Avenue). To prevent this pencil skyscraper from swaying too much in the wind, the top three floors accommodate 1,200 tons of metal called a tuned mass damper, a kind of pendulum which is supposed to counteract the building's swaying motion.

Unfortunately, in spite of the 1,200 tons of metal swaying over their heads, what residents experienced upon moving in is that, when the wind blows, the building does indeed sway and its elements make very eerie creaking and clanging noises. The plumbing gets stressed and bursts, causing flood damage in the expensive apartments with their valuable furnishings. The elevators stop working under certain wind conditions, and residents are either marooned in their sky-high luxury apartment or, if they happen to be out when this occurs, they are temporarily exiled from it.

Obviously, the condominium owners have appealed for relief from the architect, the developers, and the construction company. Some remedies were tried, but failed. At last, there seemed no recourse for the residents but to turn to the courts. This last move was controversial among the condo owners because, inevitably, the notoriety would risk tanking their multi-million dollar investments. Who would buy into the building once its failures became well-known? The condo owners were, in effect, hostages to their own investments.

(Slide Number 5 – Rogue Valley Manor). This is a picture of a real CCRC. It is Rogue Valley Manor, a not-for-profit CCRC in Medford, Oregon. Some years ago (2011-2012) the residents of Rogue Valley Manor began to suspect that the management was using the funds collected from their entry fees and monthly fees, funds intended to support their future health care, as venture capital to start two new CCRCs, each over 300 miles away, one in Portland, Oregon and one in Seattle, Washington. Obviously, it was difficult to see how a facilities over 300 miles away would be of benefit to the residents of Rogue Valley Manor. They felt their investment in Rogue Valley Manor, and their future health care, was being put at risk as their CEO used their funds like an entrepreneur starting a business venture, albeit a not-for-profit one. When the residents' appeal to have the exported funds returned to Rogue Valley Manor got nowhere, they too, like the residents of 432 Park Avenue, felt they had no recourse but to go to court, even though the notoriety itself would have a further detrimental effect on their investment in Rogue Valley Manor.

(Slide Number 6 – Mirabella Portland). This is a picture of the Oregon CCRC, called the Mirabella Portland, which was started using venture capital from Rogue Valley Manor. And this is a picture of the Mirabella Seattle. **(Slide Number 6, second click – Mirabella Seattle).**

Mirabella Portland

Mirabella Seattle

Regulations governing how managements use the funds invested by residents in CCRCs are very weak, and activists in the field of consumer protection for CCCR residents were following the Rogue Valley case closely to see if a court would, finally, establish some principle governing these transactions. But the Rogue Valley residents ultimately agreed to an out-of-court settlement in which some of the exported funds were clawed back to Rogue Valley Manor and its residents. Because of the out-of-court settlement, no precedent regarding the use of residents' funds was established.

(Slide Number 7 – Rogue Valley Manor with Net Assets). Today, ten years later, Rogue Valley Manor is reporting to the IRS positive net assets of approximately $32,751,886. **(Slide Number 8, click 3 times – Two Mirabellas with Net Assets).** However, the Mirabella of Portland and the Mirabella in Seattle, are reporting net assets of minus $61,930,090 and minus $113,663,275 respectively. That is, for each of these CCRCs, the known liabilities exceed the known assets by these very large amounts, amounts which would have clearly swamped the positive net assets of Rogue Valley Manor had the residents not gone to court.

Neither Mirabella has filed for bankruptcy protection, so they are somehow still managing to pay their bills from month to month. But this is not true for a similar CCRC on Long Island. **(Slide Number 9 – Amsterdam at Harborside).** Its most recently reported net assets were minus $206,596,315. Here is a recent news story reporting that the Amsterdam at Harborside has filed for bankruptcy protection twice in eight years. **(Slide Number 10 – News story about Amsterdam at Harborside).**

I do not want to sound alarmist; I am sure everyone who is signed on to this Zoom meeting is in a financially secure CCRC. But it is difficult to know how sound the CCRC industry is overall. There is no central clearing house where such data is gathered. We at NaCCRA are informed if a member or other interested person alerts us to a situation by sending us a local newsclipping. By this informal method we hear of about two or three bankruptcies a year. There are approximately 1,900 CCRC's in the United States, so this is a very small percentage, but the cumulative percentage of affected institutions rises as the trickle of bankruptcies continues year after year.

In addition to bankruptcies, each year a number of CCRCs seek to consolidate with others, or to be purchased by other providers (whether for-profit or not-for-profit). This is sometimes, but not always, an indication of troubled finances.[1]

Finally, a review of IRS Form 990s (the IRS form that all charitable organizations

[1] Consolidation may not always be a sign of trouble because larger groups can benefit from centralized management functions in such areas as: a) maintenance of certifications and licensures, b) the employment and contracting of personnel, c) record-keeping and reporting, d) facility maintenance and repairs, e) operations and capital budgeting, f) marketing of units and services, and g) contract negotiations with vendors and service providers.

Rogue Valley Manor Net Assets +$32,751,886

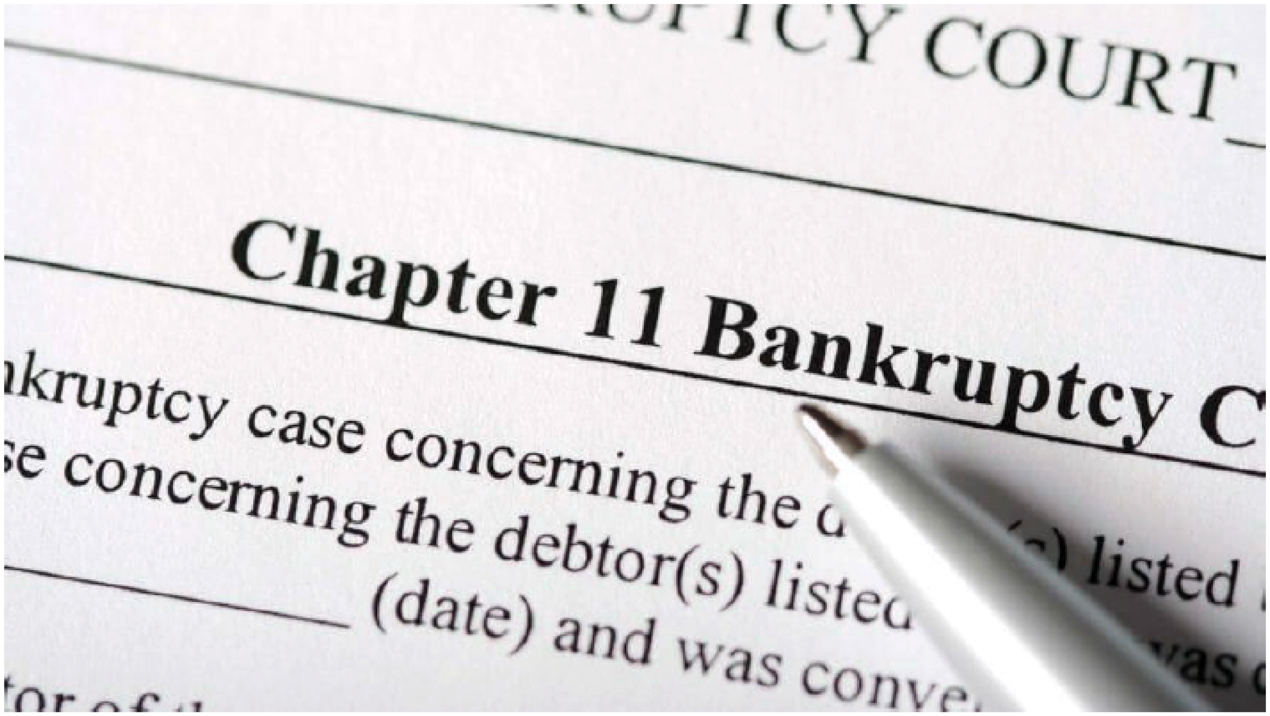
Mirabella Seattle
Net Assets =
minus $113,663,275

Mirabella Portland
Net Assets =
minus $61,930,090

Amsterdam at Harborside
Net Assets = minus $206,596,315

CCRC files for Chapter 11 for second time, seeks to restructure $200 million in debt

KATHLEEN STEELE GAIVIN



JUNE 24, 2021

SHARE

Amsterdam of Harborside, Port Washington, PA, filed last week for chapter 11 bankruptcy protection in the Bankruptcy Court for the Eastern District of New York.

The continuing care retirement community is looking to restructure approximately $200 million in debt.

This is the second bankruptcy for the CCRC, which opened in 2010. According to court records, the organization previously filed for bankruptcy in July 2014. The case was closed in January 2015 with Amsterdam must file annually) discloses that other CCRCs are functioning with negative net assets. This is considered normal only in the inaugural period of a new community experiencing robust enrollments.

(Slide Number 11 – U. S. Senate Committee logo). Some years ago, the United States Senate Committee on Aging recommended, and a few states have enacted, laws embracing a regulatory philosophy covering residents' rights, full disclosure and transparency, and the free flow of information between residents and management, so as to allow residents to be well informed. **(Slide Number 12 – Senate Report Cover).** The underlying regulatory philosophy is the expectation that informed residents will make sound decisions as they enter and live their later years in CCRCs. In addition, some states have legislated a more hands-on oversight and intervention, usually by the state's commissioner of insurance or other similar agency.

(Slide Number 13 – Golf). CCRCs are often marketed as an opportunity for "carefree" living. However, it is essential that residents (at least through their communities' residents associations) are engaged in, informed about, and confident in their communities' financial and managerial affairs. The CCRC industry is an exciting but still developing social innovation; residents' experiences need to be brought to bear so that the CCRC way of life can be perfected and matured for future generations; and so that existing communities do not slip into difficulty or failure.

I live in Bucks County, which is north of Philadelphia. **(Slide Number 14 – Delaware River).** The county runs along the Delaware River right across from New Jersey. So I am at the extreme eastern end of the Commonwealth, too far for most of my neighbors to travel to PARCR meetings, which tend to be held in the Harrisburg area. But representatives of the residents associations of five CCRCs in Bucks County meet together regularly – usually quarterly. We do this just to compare notes about life in our CCRCs. I dropped out of these informal meetings during the pandemic and have just recently resumed participation.

When we first reconvened a few weeks ago, I was surprised to learn that two of the five familiar CCRCs had new names and new owners. One had been transformed from a not-for-profit to a profit-making organization. Moreover, aside from Pennswood Village, where I live, none of the other four CCRCs any longer offered a Type A contract; each of the others had begun offering fee-for-service, or Type C, contracts only.

The degree of change which seems to have occurred among this small group of five CCRCs may not be typical of the industry as a whole. After all, five communities represent a very small sample. But there is no doubt that to some significant degree new contracts, new arrangements, acquisitions and consolidations are occurring every day, all the while the industry faces a variety of challenges.

Continuing Care Retirement Communities (CCRCs): Secure Retirement or Risky Investment?

Date: Wednesday, July 21, 2010

Time: 01:30 PM

UNITED STATES SENATE
SPECIAL COMMITTEE ON AGING

CONTINUING CARE RETIREMENT COMMUNITIES: RISKS TO SENIORS

SUMMARY OF COMMITTEE INVESTIGATION

MAJORITY STAFF

SENATOR HERB KOHL, CHAIRMAN

JULY 21, 2010

A CCRC is, after all, a sophisticated and complicated business. If it offers Type A contracts, it is first and foremost a mini-insurance company which must accumulate capital to meet residents' needs, the costs of which typically escalate many years after their arrival. But it is unlike a typical insurance company in several key respects – the pool of policy holders is relatively small, leading to statistical uncertainties, and in addition to managing an insurance scheme, large investments need to be made in real estate, and in buildings and equipment dedicated to a variety of uses, and supervision needs to be provided for everything from landscaping to dining services to skilled nursing care.

CCRCs made their first significant appearance in the 1970s and 1980s. Nevertheless, a few of them have histories which stretch back 100 years or more. **(Slide Number 15 – Exterior of "old people's home").** But before the 1970s, these earlier versions of our communities were often established to care for retired clergy persons or the widowed spouses of clergy people. They were funded by contributions from the larger denomination *outside* of the residents in the life care communities themselves. It was in the 1970s and 1980s that the concept took hold of life care communities fully funded by the entrance fees and monthly fees of the residents themselves. But one of the legacies of the early history is a pattern of governance throughout the industry which assumes **(Slide Number 16 – Interior of "old people's home")** that residents are the passive recipients of charity, rather than that they are financial investors in their community, investors to whom the management owes some accountability, investors who have both a right and a responsibility to ensure the good order of the community's operation and of its financial affairs.

We residents, then, are engaged in and are supporting with our dollars a new industry which is highly complex in nature, which as long as it works fills a vital need, but which in many respects is still being invented. **(Slide Number 17 – Conastoga Wagons).** So we residents living in CCRCs in 2022 are pioneers and trailblazers in every sense of these words.

Things ran relatively smoothly in this pioneering field until the late 1990s and early 2000s, when in some areas of the country waiting lists were replaced by vacancy rates, indicating an oversupply. The financial downturn of 2008 exacerbated the problems, putting the industry as a whole under some stress. As managements undertook various strategies – some wise, some not so wise – to address the situation, the need for residents themselves to adapt to change, and to adopt some creative role in planning for the own future, was highlighted.

It is the governance anomaly, the anomaly which I mentioned earlier, wherein residents fork over large sums of money to a management which is not legally accountable to them, which is at the heart of many issues facing the industry. 80% of the CCRCs in the United States are not-for-profit entities in which the residents have banded together to provide each other with mutual support in a program fully funded


GLEBE HOUSE
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by the own entry fees and monthly fees, and by the charitable contributions of the residents and their families. Yet they are asked to sign contracts upon entering the community which deny them any right to have a voice in the management or governance of the community, or to have any control over how the managements use their funds. As in the example I gave earlier from Oregon, some managements have used the entry fees and monthly fees of CCRC residents to invest in programs in which the residents themselves will never have an opportunity to participate. In other words, managements, who themselves have no personal finances at risk, can act as entrepreneurs using the residents' money as venture capital.

Another issue is the unilateral right given to managements in many states to alter the scope of services offered to residents, and also to alter the associated fees, regardless of the contracts which have been signed or the promises made during the marketing process.

(Slide Number 18 – Logo of Pennsylvania Legislature). Let us take Pennsylvania as an example. Pennsylvania has more CCRCs than any other state in the union.

Back in 1984, the Pennsylvania State Legislature passed a statute governing CCRCs. Included in the statute was a passage mandating that CCRCs shall provide advance notice to residents of not less than thirty days before any change in fees or charges, or any changes in the scope of care or services, may become effective. (Pennsylvania Law 1984, Act 82, Section 14 (a) (10).

As written the law sounds as if it boldly affirms the right of residents to be given adequate notice of something of concern to them. But it actually also gives CCRC managements the unilateral right to nullify any and all agreements they have made with residents with the sole stipulation that they give a mere 30 days notice first.

(Slide Number 19 – Contract Clauses). And so, throughout Pennsylvania, CCRC contracts are sprinkled with such clauses as:

"Prior to reducing, changing or altering the scope of services and care provided to you pursuant to this agreement, we shall give you written notice of such reduction, change or alteration at least thirty (30) days prior to its effective date."

Or

"(The management) shall have full authority to increase or decrease daily fees, and make changes in the scope of services, upon a 30 day written notice to the resident."

This happened in Pennsylvania before there was a NaCCRA or a PARCR.

One of NaCCRA's jobs is to be sure that residents in other states who are dealing with

1984 Act 82

CONTINUING-CARE PROVIDER REGISTRATION AND DISCLOSURE ACT

Act of Jun. 18, 1984, P.L. 391, No. 82 Cl. 40

AN ACT

Regulating continuing-care facilities; imposing duties upon the Insurance Commissioner; requiring certificate of authority; revocation of certificates; regulating disclosure statements; advertisement; regulating financial reserves; requiring escrows; regulating residents' agreements; establishing an advisory council; granting right of organization; regulating liquidation and rehabilitation; imposing civil liability; providing for the right to investigate and subpoena, liens, cross-collateralization, cease and desist orders and audits; imposing fees and regulations; and making criminal penalties.

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legislators on issues pertaining to CCRCs are alerted to the double-edged sword which can easily be contained in some legal language.

In terms of changing the scope of services, this can be anything from changing the meal plan, or reducing the hours the pool is open or the Fitness Center is staffed, to something really big, like laying down the skilled nursing unit. We have heard of two or three CCRCs who have done this; rather than administering an on-campus skilled nursing unit themselves, they send residents who need skilled nursing care to an outside provider who may be several miles away.

There is actually no official, universally accepted definition of a Continuing Care Retirement Community or a Life Plan Community. A few states have defined the term when enacting legislation governing CCRCs, but their definitions do not apply outside of the specific states themselves. Some observers include in the term CCRC any institution that provides independent living plus at least one higher level of care. **(Slide Number 20 – NaCCRA Definition of a CCRC).** In NaCCRA, we use the term CCRC to describe only those communities that provide, under one management, facilities for (a) independent living, (b) assisted living, (c) memory care, and (d) skilled nursing; with all care levels on one campus. Having these levels of care at one site allows residents to have continuity, confidence, and peace of mind as they age. They will remain for the rest of their lives in a familiar setting close to spouses and friends and engaged as long as they are able in the activities in which they have come to find joy and fulfillment.

NaCCRA has undertaken several initiatives to address these governance anomalies and financial issues.

After wide consultation among working parties at approximately 50 CCRCs, we developed and published a "Bill of Rights" for CCRC residents. **(Slide Number 21 – NaCCRA Bill of Rights).** The Bill of Rights is not intended to legislate – indeed, NaCCRA has absolutely no power to legislate anything. Rather, the document is intended to serve as a model of best practice which will hopefully be an inspiration both to providers and to residents. It is also intended to be a convenient resource for citizens and legislators as they guide the evolution of regulations and laws pertaining to CCRCs.

If you look over this model Bill of Rights you will see many unsurprising things. Many of its provisions will already be in operation at your CCRC. But others will not be. The idea is that, since no two communities are the same, and the circumstances they face are also not the same, residents and managements can select, or select and modify, provisions which suit their particular needs. The Bill of Rights is meant to inspire, not to prescribe.

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with all care levels on one campus.

NATIONAL CONTINUING CARE RESIDENTS ASSOCIATION (NaCCRA)

Model Bill of Rights For Residents of Continuing Care Retirement Communities

The residents of a Continuing Care Retirement Community continue to enjoy the rights accorded to them under the United States Constitution. In addition they have the right to:

1. Expect full, prompt and complete fulfillment by the CCRC's management of those services delineated in their contracts.

2. Establish, organize, fund, develop by-laws for, and operate a resident association whose purposes include, but are not limited to, representing the interests of the residents to the administration and the CCRC's corporate governing board.

3. Freely assemble, with or without the participation of management and staff, as the residents in their judgement deem advisable, to enhance communication and information-sharing among the residents, and to promote active learning and discussion of issues facing the CCRC community.

4. Select and appoint, in accordance with the resident association's own by-laws, at least three members of the CCRC's corporate governing board, who, as full-fledged board members, have rights and duties commensurate with the other board members. CCRC residents have the right to receive regularly scheduled reports from the association-appointed corporate governing board members about the board's deliberations, actions and policies. Residents have a right to a corporate governing board every member of which acknowledges their fiduciary responsibility to the residents.

5. Be kept informed by the administration, on an ongoing basis, about all significant issues of management which directly affect residents' well-being or their financial investment,

There are 17 provisions to the Bill of Rights in all. The first three of these are fairly commonplace and in wide practice. They cover the right to organize a residents association and to hold meetings.

The fourth is the first which would be a novelty if implemented in many places.

(Slide Number 22 – Fourth Provision of the Bill of Rights).

It states that residents have a right to:

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I know this seems very radical to some people. But consider: since, as has been mentioned, approximately 80% of Continuing Care Retirement Communities (CCRCs) are operated as not-for-profit organizations with residents themselves providing all the funds which make operations possible, residents are stakeholders in their CCRC in every sense of the word, and they deserve a say in how the community in which they live is being managed. Their stake in the enterprise is even greater than that of a stockholder in an ordinary business enterprise. A business stockholder can sell her stock and cut her ties to the business if she does not like the management's policies; a CCRC resident can never leave without abandoning the investment she made in it via the entry fee and monthly fees. A CCRC resident has entrusted his future care at a most vulnerable stage in any person's life – his final years – to the CCRC he has elected to enter.

Yet, oddly, not-for-profit CCRCs tend to be operated as if owned by their administrations and boards, that is, by people who usually have no significant financial investment in the enterprise and who are not themselves dependent upon it for their future care. While, to the best of my knowledge, most not-for-profit boards of CCRCs operate with integrity and try very seriously to exercise a conscientious trusteeship on behalf of the residents, at the National Continuing Care Residents Association (NaCCRA) we are aware of a steady flow of information about initiatives by managements which it is hard to understand as being in their residents' best interests. Even when these actions do not fatally compromise the organization's financial soundness or its delivery of services, they can often be substantially annoying

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departures from the representations made to residents during the marketing process, and can seem to be advanced in a totally arbitrary manner. And there are, as we have seen, cases where CCRCs have become bankrupt, or are seriously impaired financially, due to unwise management initiatives and decisions.

As I mentioned, the idea of putting residents on CCRC governing Boards would be a novelty in many places, but there are some states which require that there be resident members of the Board of Directors of a not-for-profit CCRC.

There are two key questions about resident members of corporate governing boards. How many resident members should there be? And how are they to be selected?

Regarding how many ought to serve, it is useful to be aware of the risks of "tokenism." To have one resident only in a Board group can make it very hard for such a person to advance a perspective which may be absent from the prevailing dynamic. The entire point of the exercise of placing residents on governing Boards is to make the Board aware of ways of seeing things that may not at first be obvious to them, in spite of all good intentions. This will not be necessary with respect to every issue which may come before a Board, but in the ordinary course of events it will sometimes be necessary, and to leave the burden on the shoulders of a single "token" resident member of the group cannot ensure that this vital contribution will be carried out effectively. It would, therefore, seem useful to have three or four resident members of governing bodies, at least, depending upon the size of the overall group.

As I mentioned, some CCRCs do already have resident members on their governing boards. But experience suggests that it is crucial to attend to how such members are selected. They should be selected by the body of residents themselves, according to the By-Laws of their own residents association. The practice of having managements or board nominating committees select board members from among the residents seems often to result in the selection of kindly and lovable persons who are easily awed by the other board members, rather than people who will scrutinize carefully propositions laid before the body and speak up when necessary. If residents who are stakeholders and financiers are to have their say, they should select their own spokespersons.

Anyway, a link to all 17 provisions of the Model Bill of Rights for CCRC Residents is provided in the chat.

(Slide Number 23 – *Consumers Guide* Cover). The second initiative which NaCCRA has taken is the production of a *Consumer's Guide to Continuing Care Retirement Communities.*

NaCCRA
NATIONAL CONTINUING CARE
RESIDENTS ASSOCIATION

Consumer's Guide to Continuing Care Retirement Communities*

*A Continuing Care Retirement Community
is also called a Life Plan Community

National Continuing Care Residents Association (NaCCRA)
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naccra.com

Although people who seek a CCRC for their senior years are usually interested in their long-term financial security and health care security, when shopping they usually focus entirely on the independent living amenities and fail to examine carefully the financial condition of the CCRCs they are considering, and they also usually just assume, without checking, that the health care services are of high quality.

(Slide Number 24 – Consumers guide Introduction). The NaCCRA *Consumers Guide* focuses on four issues which shoppers for a CCRC usually have difficulty assessing or understanding: **(Slide Number 25).** 1) Contracts – the *Guide* explains the differences between Types A, B C, and D and suggests ways to figure out which might be best for oneself; **(Slide Number 26).** 2) Health Care – the *Guide* offers a series of suggestions about what to check regarding the various levels of health care on offer in a given community; **(Slide Number 27).** 3) Long Term Financial Strength – the *Guide* helps those who consult it research the net asset balance of a community they are exploring; suggests the significance of the relationship between capital renewal and replacement expenditures and plant depreciation schedules; orients them to the importance of actuarial reports; and encourages them to examine the community's indebtedness and to determine their comfort level with such indebtedness; and **(Slide Number 28).** 4) the *Guide* reviews different types of ownership and governance of CCRCs.

Regarding finances, many people erroneously think that the entry fee and the monthly fees they pay to a CCRC are comparable in risk to putting money into a bank or into an insurance policy. Unfortunately, this is not so. There is no government insurance program, such as the FDIC, for CCRCs, nor are they bound up in an industry-wide consortium which helps financially impaired entities meet their obligations, such as exists for the mainstream insurance industry.

Nor should it ever be assumed, in the case of CCRCs affiliated with a religious denomination, that the denomination will come to the rescue if financial trouble occurs. Roman Catholic, Protestant and Jewish CCRCs have gone bankrupt without being able to call on their respective denomination's resources.

Rather than being analogous to putting money in a bank or investing it in an insurance policy, paying fees to a CCRC is comparable to investing in a very small business, where one must make an assessment entirely on one's own.

Transparency laws in most states require CCRCs to provide residents and prospective residents with financial information when asked. But most people are not skilled at evaluating the pages of numerical data with which they may be provided. The purpose of the *Consumers Guide* is to help people pick out the significant facts from the masses

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of data with which they may be provided so as better to assess the financial standing and capability of a CCRC.

(Slide Number 29). If any of you have friends who are shopping around for a CCRC, I hope you will make a copy of the *Consumers Guide* available to them. It is brief, just 20 pages overall, and easy to understand. Digital copies are available free-of-charge to anyone who is interested. In fact, we at NaCCRA believe the *Consumers Guide* is useful not only for shoppers, but also for any current resident of a CCRC who is interested in better understanding the perennial issues facing their community's management and the management's effectiveness in addressing them.

(Slide Number 30 – *Handbook* Cover). The third initiative NaCCRA has undertaken is a publication which was just released earlier this month, that is, in January 2022. It is our *Financial Soundness Handbook.*

Most CCRCs have a Residents Association or Residents Council which works with management to maintain the best possible operations. Such Resident Councils often appoint a committee focused on monitoring the financial aspects of their community's operations. Residents willing to engage in this crucial and sometimes daunting area of their community's life make an invaluable contribution to the security and well-being of their neighbors and to the overall success of the CCRC industry.

Our *Financial Soundness Handbook* is designed to help residents analyze the specific financial status of their own community and to learn to assess its associated challenges and opportunities, its financial position, performance, and long-term prospects for financial sustainability. It is a guide to the proper interpretation of financial statements and other key documents and tools useful in the financial management of CCRCs.

(Slide Number 31 – *Handbook* Table of Contents). Here is a copy of the table of contents. Earlier I commented that our *Consumers Guide* was brief and easy to understand. I am not certain I can say the same about the text of the *Financial Soundness Handbook,* alas. It is nearly 60 pages long, and covers details about such things as future service obligation calculations, actuarial reports, and entrance fee accounting. We have taken great pains to use only layman's language and to keep things as simple and direct as possible. But this is addressed to those residents who have an interest in serving on resident Finance Committees or who, as individuals, have a lively appetite for financial study and analysis.

(Slide 32 – NaCCRA description). The fundamental premise upon which NaCCRA is based is simply this – it behooves CCRC residents to engage in a process of collective

NaCCRA

NATIONAL CONTINUING CARE
RESIDENTS ASSOCIATION

Consumer's Guide to Continuing Care Retirement Communities*

*A Continuing Care Retirement Community
is also called a Life Plan Community

National Continuing Care Residents Association (NaCCRA)
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naccra.com

Financial Soundness Handbook for Residents and Prospective Residents of CCRCs*

Policies, Procedures, and Issues

**Continuing Care Retirement Community, also called a Life Plan Community*

Prepared Especially for Members of Resident Finance Committees
and other Engaged CCRC Residents by
The National Continuing Care Residents Association (NaCCRA)

January 2022

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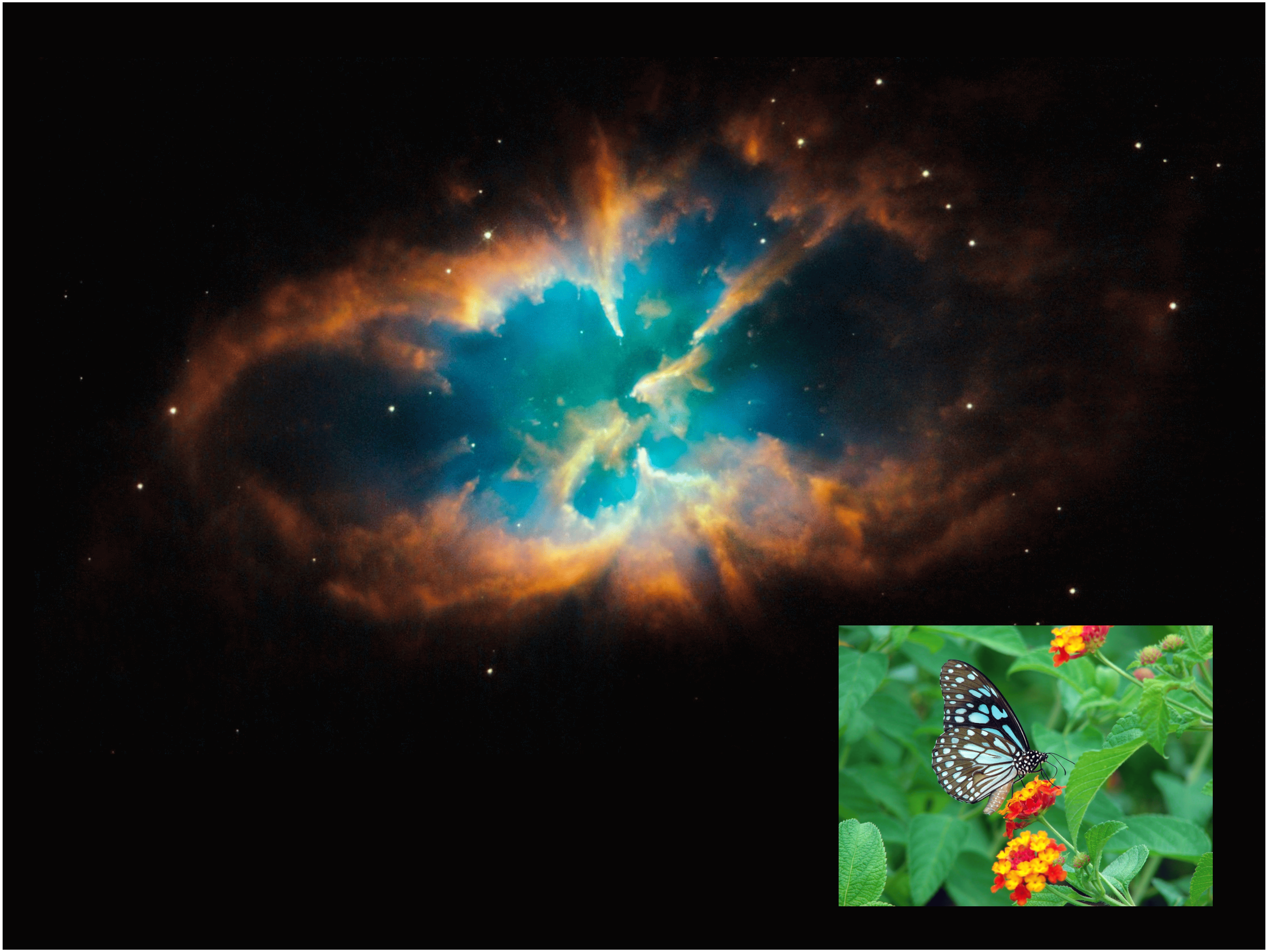
The fundamental premise upon which NaCCRA is based is simply this – it behooves CCRC residents to engage in a process of collective learning. Pioneers will never thrive if they remain isolated from each other and reinvent the wheel again and again. And, in addition to collective learning, it behooves us to engage in collective action when proper defense of our interests calls for it. The purpose of NaCCRA is to serve as a vehicle working to preserve and strengthen the CCRC way of life by empowering those who have invested heavily in it, and by facilitating their actions of mutual support.



learning. Pioneers will never thrive if they remain isolated from each other and reinvent the wheel again and again. And, in addition to collective learning, it behooves us to engage in collective action when proper defense of our interests calls for it. The purpose of NaCCRA is to serve as a vehicle working to preserve and strengthen the CCRC way of life by empowering those who have invested heavily in it, and by facilitating their actions of mutual support.

The 1,900 CCRCs in the USA are like an archipelago scattered across our land. Admittedly, these scattered communities represent a very small element in the vast and populous globalized society which surrounds them. But the mystical poet William Blake asserted that he could see the universe in a grain of sand. (Slide **Number 33 – Hubble image, butterfly).**

And indeed, as we contemplate this archipelago of CCRCs we see a panorama which is awesome, so long as each element does not remain an island unto itself.

We need collective learning and mutual support. We are interdependent, and our interdependence is an image or sign of the mutuality inherent in the Creation itself. As pioneer investors in the CCRC idea, we are custodians of something very precious which must be strengthened and preserved for future generations.

Let us have great respect for the responsibility we have taken on, and great compassion for ourselves and others as we seek to fulfill this responsibility. Things which are noble and beautiful inevitably begin on the scale of a mustard seed. Such a seed, if carefully nurtured, will show us once again that raw human nature, which sometimes can seem so noisy, self-centered and dangerous, can age into maturity and wisdom, the maturity and wisdom which makes community possible, indeed, a maturity and wisdom so excellent that it makes visible the fundamental truth of things.

Daniel A. Seeger
January 12, 2022