

# COMMONWEALTH OF VIRGINIA



JACQUELINE K. CUNNINGHAM  
COMMISSIONER OF INSURANCE  
STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE

P.O. BOX 1157  
RICHMOND, VIRGINIA 23218  
TELEPHONE: (804) 371-9741  
TDD/VOICE: (804) 371-9206  
[www.scc.virginia.gov/boi](http://www.scc.virginia.gov/boi)

February 1, 2013

Administrative Letter 2013-01

**To: Continuing Care Retirement Communities**

**Re: Supplemental Information and Other Required Disclosures**

Section 38.2-4902 A 15 of the Code of Virginia allows the State Corporation Commission to require disclosure of material information in the disclosure statement filed by Continuing Care Retirement Communities (“CCRC”). In order to assist residents in understanding the financial position and the results of operations of a CCRC, we ask that each provider include supplemental information on its facilities and other consolidated entities in its audited financial statements for the two most recent years. In addition, we ask that each provider include a summary of the financial condition of each facility. Please find attached the format samples for the supplemental and financial summary information. We ask that this information be included in the provider’s next annual filing with the State Corporation Commission Bureau of Insurance.

Section 38.2-4904 A of the Code of Virginia requires the provider to make the annual disclosure statement available by written notice to each resident at no cost. In accordance with § 38.2-4904 D of the Code of Virginia, the provider should amend its currently filed disclosure statement at any time if an amendment is necessary to prevent the disclosure statement from containing any material misstatement of fact or failing to state any material fact required. The provider must file any amendment with the State Corporation Commission Bureau of Insurance before distributing it to any resident. The provider is obligated to notify each resident of the existence of any such amendment or amended disclosure statement.

An amendment would be required if the provider has concerns about its ability to continue as a going concern, is unable to perform fully its obligations pursuant to its contracts due to financial instability, or has any problems with meeting the terms of its debt obligations. The State Corporation Commission Bureau of Insurance should be notified *immediately* of any such financial concerns.

Sections 38.2-4910 A and B of the Code of Virginia require the provider to hold meetings at least quarterly with the residents or representatives elected by the residents of the continuing care facility for the purpose of free discussion of issues relating to the facility. These issues may include income, expenditures and financial matters as they apply to the facility and proposed changes in policies, programs, facilities and services. The provider is required to give the resident's organization a copy of all submissions to the Commission. The provider is also required to give residents seven days' notice of each meeting.

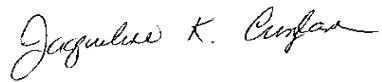
Questions concerning this administrative letter may be addressed to:

Ms. Daryl Hepler  
Senior Insurance Financial Analyst  
(804) 371-9999  
[Daryl.Hepler@scc.virginia.gov](mailto:Daryl.Hepler@scc.virginia.gov)

Or

Ms. Toni Janoski  
Senior Insurance Financial Analyst  
804-371-9945  
[Toni.Janoski@scc.virginia.gov](mailto:Toni.Janoski@scc.virginia.gov)

Sincerely,

  
Jacqueline K. Cunningham  
Commissioner of Insurance

Attachments

**Company Name**  
**Sample - Consolidating Balance Sheet**  
**As of Date**

	<u>Facility 1</u>	<u>Facility 2</u>	<u>Facility 3</u>	<u>Other</u>	<u>Subsidiaries</u>	<u>Eliminations</u>	<u>Combined</u>
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**Assets**

**Current Assets**

Cash and Cash Equivalents  
 Current Portion of Assets Limited as to Use  
 Accounts Receivable  
 Prepaid Expenses  
 Supplies Inventory  
 Other Current Assets

**Total Current Assets**

**Assets Limited as to Use**

Externally Restricted  
 Internally Restricted

**Investments**

**Property Plant and Equipment**

**Other Assets**

Deferrals

**Total Assets**

**Liabilities and Net Assets**

**Current Liabilities**

Current Potion of Long-Term Debt  
 Accounts Payable and Accrued Expenses  
 Accrued Salaries and Wages  
 Other Accrued Expenses  
 Current Portion of Refundable Advance Fees  
 Interest Payable

**Total Current Liabilities**

**Advance Fees and Deposits**

**Deferred Revenue from Advance Fees**

**Obligation to Provide Future Services**

**Other Liabilities**

**Total Liabilities**

**Net Assets**

Unrestricted  
 Temporarily Restricted  
 Permanently Restricted

**Total Net Assets (Deficit)**

**Company Name**  
**Sample - Consolidating Statement of Operations**  
**As of Date**

	<u>Facility 1</u>	<u>Facility 2</u>	<u>Facility 3</u>	<u>Subsidiaries</u>	<u>Eliminations</u>	<u>Combined</u>
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**Revenues**

Monthly Resident Fees - IL  
 Amortization of Deferred Revenue  
 Assisted Living Services  
 Health Care Services  
 Investment Income  
 Other Revenues  
**Total Revenues**

**Expenses**

Advertizing and Marketing  
 Depreciation and Amortization  
 Dining Services  
 General and Administrative  
 Insurance  
 Interest  
 Management Fees  
 Medical Supplies  
 Nursing Services  
 Other  
 Resident Programs  
 Resident Services  
 Salaries  
 Taxes and License Fees  
 Utilities  
**Total Expenses**

**Operating Income (Loss)**

**Sample**  
**Summary of Financial Information**  
**Facility Name**  
**As of Date**

## Total Assets

## Total Liabilities

## Total Net Assets

## Total Revenues

## Total Expenses

### **Operating Income (Loss)**

### **Net Income (Loss)**

### **Narrative on financial condition:**

Occupancy Information:	Capacity of Units	Average Occupancy	Percentage Occupancy
<b>Independent Living</b>			
<b>Assisted Living</b>			
<b>Nursing</b>			