

TO: CONTINUING CARE RETIREMENT COMMUNITIES (“CCRCs”) SUBJECT: **ANNUAL FISCAL FILING REQUIREMENTS**

# FROM: FINANCIAL ANALYSIS DIVISION

### This memorandum will serve as a guide to meet the CCRC annual filing requirements.

**Please note filing fees are now due with the filing.**

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| **REQUIRED FILINGS (ONE COPY)** | | | |
| **√** | **DOCUMENT** | **DUE DATE \*** | **CITATION \*\*** |
|  | Request to file consolidated or combined audit filings in lieu of separate CPA reports.  Note: This request requires prior approval. If approved, the required consolidated or combined worksheets need to be subjected to audit procedures. | 30 days prior to fiscal year end | 31 Pa. Code §  147.7(c) |
|  | CPA Report | Four (4) months after fiscal year end | 31 Pa. Code §  147.3(c) |
|  | Disclosure of Calculation of “Statutory Liquid Reserves” must be part of the audited financial statements notes or as a supplemental schedule.  Statutory Liquid Reserves amount must be part of the audited balance sheet as a separate balance sheet account. | Four (4) months after fiscal year end | 40 P.S. § 3209  And  31 Pa. Code §  151.11(d) |
|  | Disclosure of all “Deferred Revenues”  (Deferred Revenues - Nonrefundable portion of entrance fees reported as deferred income  & amortized over the actuarially determined life expectancy of each resident.) | Four (4) months after fiscal year end | 31 Pa. Code §  151.11(d) |
|  | Disclosure of funds maintained in an escrow account for entrance fees must be part of the audited financial statements notes. | Four (4) months after fiscal year end | 40 P.S. § 3212 |

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|  | CPA Qualification Letter | Four (4) months after fiscal year end | 31 Pa. Code §§  147.4(e) & 147.6a |
|  | CPA Awareness Letter  Not required annually, but must be on file for the CPA performing the current year’s audit | Four (4) months after fiscal year end | 31 Pa. Code §  147.5(d) |
|  | Communication of Internal Control Related Matters Noted in Audit | If issued by CPA  Within 60 days of filing the CPA report | 31 Pa. Code §  147.9a |
|  | Notification of Adverse Financial Condition | If issued by CPA  Within 5 business days of receipt, forward a copy to the Department & provide evidence of such to the | 31 Pa. Code §§  147.4(e) & 147.9 |
|  | Change in CPA letters |  |  |
|  | Notification of dismissal, resignation, or replacement | Within 5 business days of CPA dismissal, resignation, or replacement | 31 Pa. Code §  147.5(c) |
|  | CCRC’s letter addressing whether there were disagreements 24 months prior to change | Within 10 business days of the notification letter | 31 Pa. Code §  147.5(c)(1) |
|  | Letter from the former CPA stating that they agree or disagree with the contents of the letter from the CCRC regarding disagreements 24 months prior to change | Concurrently with the CCRC’s letter regarding disagreements | 31 Pa. Code §  147.5(c)(2) |
|  | Letter with the name and address of the independent CPA or accounting firm retained to conduct the annual audit and provide an awareness letter from same | Within 60 business days of the notification letter | 31 Pa. Code §§  147.5(c)(3) & (d) |
|  | Current Resident’s Agreement (Complete copy required regardless of whether or not there were changes from the prior filing) | Four (4) months after fiscal year end | 31 Pa. Code §  151.8(f) |
|  | Disclosure Statement **\*\*\***  ***Note: This must be filed by the provider and in the format to be presented to a current or potential resident. These are now posted to the Insurance Department website.***  ***In addition to the hardcopy submission, please submit an electronic copy of the complete Disclosure Statement to ra-in-analysis@pa.gov.*** | Four (4) months after fiscal year end | 40 P.S. § 3207(b)  and 31 Pa. Code §  151.7 |

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|  | Amendments to Disclosure Statement: |  |  |
|  | A filing should be accompanied by a cover letter briefly outlining the sections of the disclosure statement amended.  Material changes in the operation of a provider or facility which require an amendment to a disclosure statement may include, but are not limited to, the following:   1. Changes in the board of directors, officers, managing or general partners, administrators or trustees and managers which affect the management of a facility. [Biographical affidavits](http://www.naic.org/documents/industry_ucaa_form11.pdf) by these individuals shall be filed with the Department at the time an amended disclosure statement is filed. 2. New or additional mortgages, liens, security interests, loan commitments, long-term financing arrangements or leases, which transaction materially affects the real property of the facility. A copy of all pertinent documents evidencing the transactions shall be filed with the Department at the time an amended disclosure statement is filed. 3. Other material changes in the financial or factual information contained in the disclosure statement or statement in support of the provider’s original application for a certificate of authority. Explanatory material and copies of pertinent documents concerning the material changes shall be filed with the Department at the time an amended disclosure statement is filed. 4. ***Note: Amended Disclosure Statements must be filed by the provider and in the format to be presented to a current or potential resident. These are now posted to the Insurance Department website.*** 5. ***In addition to the hardcopy submission, please submit an electronic copy of the complete Disclosure Statement to ra-in-analysis@pa.gov.*** | Upon amendment or change | 31 Pa. Code §  151.7. (e) |
|  | Narrative statement of material differences of actual vs. pro forma income statement | Four (4) months after fiscal year end | 40 P.S. § 3207(b)(1) |
|  | Pro Forma Income Statement – for the next fiscal year | Four (4) months after fiscal year end | 40 P.S. § 3207(b)(2) |

\* **There are no provisions in statute or regulation that grant the Department authorization to approve an extension or waiver of the audited financial report filing due date for CCRCs.**

### \*\* 31 Pa. Code Chapters 147 and 151 are available on The Pennsylvania Code website at: [Annual Audited Insurers' Financial Report](http://www.pacode.com/secure/data/031/chapter147/chap147toc.html) and [Continuing Care Providers.](http://www.pacode.com/secure/data/031/chapter151/chap151toc.html)

\*\*\* **Filing fee** - There is a $750 Disclosure Statement filing fee pursuant to 31 Pa. Code § 151.14(c).

### Please include a check with your filing made payable to Commonwealth of Pennsylvania.

**SEND INQUIRIES, PAYMENTS AND FILINGS TO:**

Filings required under the criteria enumerated above must be filed within the stipulated timeframes and addressed to the ***attention of the CCRC’s assigned Financial Analyst*** to:

Continuing Care Retirement Communities

Financial Analysis Division

Pennsylvania Insurance Department

1345 Strawberry Square

Harrisburg, PA 17120

Phone: 717.787.3952

FAX: 717.787.8557

E-mail: ra-in-analysis@pa.gov