



The Hotline

North Carolina Continuing Care Residents Association.

www.norccra.org

Report on 2024 Annual Meeting of NorCCRA

This article is a summarization of a report to the residents of Pisgah Valley Retirement Community, written by Jan Nickerson, their NorCCRA Community Representative

On October 8, 2024, NorCCRA held its Annual Meeting at Well-Spring Retirement Community in Greensboro, NC. The theme focused on Aldersgate, a CCRC that expanded quickly without financial controls and nearly failed. Intervention by NCDOI (NC Department of Insurance), which regulates CCRCs in NC and leadership by community residents started the recovery to financial viability of Aldersgate. The long road to recovery is not yet complete, but it has generated many questions and lessons learned along the way.

The morning program was a panel which consisted of Jeff Trendel, Deputy Commissioner NCDOI, Paul Johnson, Aldersgate Residents' Association President, and Tom Akins, President and Executive Director of LeadingAge NC. Each of the panelists spoke from prepared presentations to the members present and then participated in a 30 minute question and answer session.



Jeff Trendel, NCDOI Deputy Commissioner: Mr. Trendel opened his presentation with some current facts about CCRCs in North Carolina. There are currently 64 CCRCs located in 22 North Carolina counties. These CCRCs are home to approximately 24,000 residents of which 76% reside in independent living. Four new CCRCs are either planned or under development. Mr. Trendel then turned his attention to Aldersgate United Methodist Retirement Community, Inc. located in Charlotte. The Aldersgate community had been suffering both operating and non-operating losses since 2015. In January of 2023, Aldersgate received a letter notifying them that they were in "Hazardous Condition" and in August 2023 NCDOI placed them in

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supervision. Since that time the order of supervision has been extended once and will soon be extended again.

What were the causes of the financial decline of Aldersgate? According to the NCDI, there were many causes, including insufficient oversight of financial operations, insufficient oversight by Board, failed growth initiatives which included related party transaction, economic conditions (COVID-19; Inflation), excessive spending/lack of control on spending and significant long-term debt.

In conclusion, Mr. Trendel presented some important takeaways. All **related party transactions** should be reviewed regardless of what is written in the audited financial statements. One needs to fully understand the **organizational structure** and who is in control. Don't take for granted that the board is fully engaged! There is a need for more frequent financial and occupancy reporting. There should be required reporting to NCDI and to residents of certain material items. Our statutes worked – Department was able to get involved and help change the direction.

Paul Johnson, President, Aldersgate Residents Association: We were a stand-alone CCRC until about 2015, when a parent company was created with the mission to expand the Aldersgate brand to multiple sites of senior living communities and home care services. The parent company created a top-heavy, very expensive staff to oversee the planned expansions. Over time, all of the new initiatives failed to progress, and millions of dollars were wasted. In early 2022 the CFO was terminated and the entire finance department resigned.

There were other early signs of problems in addition to financial. Trust between residents and management eroded and then became a landslide of mistrust.... The failures piled up, financial control was non-existent and resident service fees began to escalate at an accelerated rate.

During the year 2022, The Resident Association's Finance Committee appealed to the CFO and the CEO, and did not get a coherent response. A letter was written to the board of directors and our concerns were rebuffed by board leadership who claimed full confidence in finances and in senior management.

We in North Carolina are blessed to have a regulatory agency that holds the

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interests of CCRC residents as a priority. Our Resident Finance Committee called on the Department of Insurance for help. It was almost too late.

What did we learn? Residents must have a voice, be heard and involved in collaborative relationships with management and the governing body. Resident Finance Committee must have the skill to understand the financial condition. Management must be more transparent with residents. Board of Directors must have a direct connection to the residents. The Board of Directors needs to balance strategic planning and oversight of operations

What did we do? The Residents' Association improved communications processes. Residents have rights; we also have responsibilities. Residents must pay attention. Residents should be clear with management on expectations. Management and residents must strive for a collaborative relationship. Use the NC Department of Insurance resources to help

Tom Akins, President and Executive Director of Leading Age NC: Mr. Akins began with some positive data on the impact of CCRCs on the economy of North Carolina. He stated that CCRCs contribute \$3.2B to North Carolina's economy and employ 16,000 people. Due to that economic impact the legislature should pay attention to CCRCs serving the senior adults of North Carolina.

Mr. Akins asked the question, Is there something wrong with the CCRC model that would allow a situation like Aldersgate to happen? What can we do in the future that would be helpful in preventing other failures? He suggested that CCRC boards and management should be provided with educational material and templates on how to do their jobs better.

Boards should regularly receive training on what their duties as board members are and how those duties should be carried out. That training should include such things as; How do I read a financial statement? What questions should I be asking to fulfill my fiduciary duties? What should the ideal semi-annual meeting with residents look like? Who should attend and present at those meetings?

Mr. Akins raised some questions about the current disclosure statements. What can we do to make the disclosure statement more readable? He suggested that there should be a summary at the front of the statement which would

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include a list of metrics pertinent to the industry and community with 3-to-5-year trends for each metric. He also suggested that communities that have entrance fee refund requirements should include those in the summary detailing what is owed, when it is owed and how it will be paid. He also suggested that there should be a time limit as to when they should be paid. Mr. Akins finished by saying the LeadingAge and NorCCRA should continue to work together because when we work together we get a better result.

Those of you who wish to review the presentations by Jeff Trendel and or Paul Johnson may do so by going to “Resources” on the NorCCRA Website (NorCCRA.org). Under “Presentations from the 2024 Annual Meeting” you will find links to those presentations.

NorCCRA Business Meeting: The morning session was adjourned for a delicious lunch provided by Well-Spring Retirement Community, followed immediately by the Annual Business meeting. During the business meeting, Skip Kingan, NorCCRA President gave a review of Income and Expenses for the fiscal year ending September 30, 2024 and presented the budget for October 1, 2024 thru September 30, 2025. Sindy Barker, Legislative Co-Chair gave a recap of the last two years of legislative activities. John Olmstead, Past President gave the Nominations Committee report of Officers for the coming year. The nominations report was accepted and the nominees were elected by acclamation. See Page 7 for the list of 2024-2025 officers.





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In 2023, Average Senior Fraud Loss per NC victim was \$54,972!

(Summarized by Sharon Everhart. I know how easy it is to get drawn into these, I was just scammed in August and lost a bunch of \$!)

North Carolina Retired Governmental Employees' Association (NCRGEA) has done an excellent presentation of how these scams work and what to look out for. It is presented by David N. Kirkman who is author of "Elder Fraud Wars" and is retired NC Special Deputy Attorney General. These scams range from very simple approaches in the beginning to very SCARY ones. **They focus on Fear and Alarm** : "Your computer has been hacked! Someone is charging your account! Your Medicare will be cancelled! Your fiance is in jail overseas!" **They utilize Threats**: "This is the IRS... We will arrest you if you don't pay now!"

You may get a computer pop up alert that something is wrong and it provides you with a "Support" number to call. Don't call, these are not legitimate numbers. Close down your computer immediately and always look up phone numbers from the "site Helpline" account directly. You know it is not okay by the way you have to pay...Money Gram, Western Union Money Transfer, purchase of "gift cards" where you give them the code number on the cards you purchased and the money is transferred to them immediately! They want you to use Zelle, Venmo, or BitCoin machines. Transfers are usually instantaneous and irreversible.

Traditional Senior Frauds and worst NC Victimitizations :

Foreign Sweepstakes and Lotteries	\$900,000
Sweetheart/Romance Fraud	\$1,250,000
Nigerian 419 \$\$\$ Transfer Fraud	\$3,400,000
(this one convinces you your bank accounts have been hacked and you must withdraw cash to protect it. Then they "help" you protect the \$.).	
Tech Support/Spyware Scams	\$90,000
Phony Gov't Agent (IRS, Jury Duty)	\$60,000
Grandparent Scams	\$65,000
Home Repair	\$250,000
Investments/Crypto	\$2,000,000 - plus

To find this presentation, go to NCRGEA Lunch & Learn 2024, and select the one for "October 2024 Lunch and Learn: Elder Fraud." Or go to: <https://www.youtube.com/watch?v=fc6fjy6arRY>



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Aldersgate Residents at Work by Rev. Dr. Gaye Smith

We, through our Sustainability Committee, have gotten deeply involved with Envision Charlotte, a city-wide effort to engage all residents in a vision of a clean environment for residents of our city. The headquarters for this effort is Innovation Barn, where many different "businesses" are housed. Our involvement has concentrated on plastics that can be re-made into new products.

The community has responded with amazing support. To date, we have delivered over 112,000 #5 plastic containers. However, the leaders at the barn want us to re-use our take-out containers by having them run through our commercial dishwashers. There is a new county code that allows that to happen. The resident members of our growing committee supported the concept, and now we will bring this idea to managers most involved. All food left on plates or bowls in all three of our dining venues for independent living is now being composted.

A sub committee is working on a practical plan for close neighbors who like to cook to buy into a composting plan that would be inexpensive. Our committee has been monitoring toxins being applied to land used by all residents. This connected us with our gardeners. After we lost one of our two bee hives, we were pretty sure lawn care had sprayed a toxic chemical on the grounds. One of our managers got the current manager of our lawn care service to talk to our committee. After that conversation our manager of facilities took him to see where the gardens and the bee hives are located. We are also committed to protecting butterfly habitats. (photo left to right: Chini Nichols, Dave Nichols, Anne Cole)





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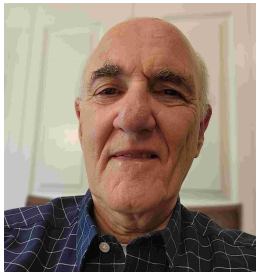
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Application Form for membership in North Carolina Continuing Care Residents Association.

Name: _____

Community: _____

Spouse's name (if applicable): _____

Address: _____

Email address: _____

Phone number: _____

Fee: \$12 for individual; \$20 for couple, \$80 individual life membership, \$135 life membership for a couple. Please make check payable to NorCCRA.

Give your check and application form to your local NorCCRA representative, otherwise mail to Susan Rhyne, 3913 Muhlenberg Court, Burlington, NC 27215 **Thank You.**