

CONTINUING CARE COMMUNITY DISCLOSURE ACT (EXCERPT)
Act 448 of 2014

554.941 Financial statements; requirements.

Sec. 41.

(1) Financial statements under section 19, 25, or 29 shall meet all of the following requirements:

(a) Be submitted with a statement of any adverse material changes in the financial condition of the entity from the date of the financial statement.

(b) Subject to subdivision (c), be of form and content required by the department.

(c) Not be consolidated financial statements except under circumstances prescribed by the department.

Requirements imposed by the department under subdivision (b) or this subdivision shall be consistent with generally accepted accounting principles or other nationally recognized accounting standards applicable to the entity.

(d) Be submitted within 120 days after the end of the entity's fiscal year.

(e) Be audited and prepared by a certified public accountant in accordance with generally accepted auditing standards, subject to all of the following:

(i) The department may waive all or part of this requirement if it is not necessary for the protection of the public. The department may impose conditions and restrictions on the waiver that it considers appropriate.

(ii) Unaudited financial statements may be submitted if the entity has not been in existence for 1 complete fiscal year.

(iii) If the audited financial statements are more than 120 days old, they shall be submitted with current unaudited financial statements.

(iv) Unaudited financial statements authorized under subparagraph (i), (ii), or (iii) shall be accompanied by the following written disclosure, or a substantially equivalent statement, immediately adjacent thereto, in all capital letters and at least 14-point type:

"These financial statements are prepared without audit. A certified public accountant has not examined the financial statements and accordingly has expressed no opinion on them."

(2) Audited financial statements filed with the department shall include a consent of the certified public accounting firm, signed and dated at or near the effective date of the audit, approving the use of its name and its opinion in the continuing care community's disclosure statements and registration application. In the case of a substantial delay in effectiveness or an adverse material change in the filing, the department may require an updated consent.

(3) If the independent certified public accountant engaged as the principal accountant to audit the continuing care community's financial statements was not the principal accountant for the continuing care community's most recently filed audited financial statements, or a legal successor thereto, then all of the following apply:

(a) The continuing care community shall furnish the department with a statement of the date when the current independent accounting firm was engaged and whether, in the 18 months preceding the engagement, there were any disagreements with the former principal accounting firm in a matter of accounting principles or practices, financial statement disclosure, or accounting procedure which, if not resolved to the satisfaction of the former accounting firm, would have required a reference, in the accounting firm's opinion, to the subject matter of the disagreement.

(b) The continuing care community shall request the former accounting firm to furnish the continuing care community with a letter stating whether it agrees with the statement of the continuing care community under subdivision (a) and, if not, stating why it does not agree. The letter shall be furnished by the continuing care community to the department.

(4) If an entity owns multiple continuing care communities or if the organization has 1 or more affiliates, the department may require additional financial information for each continuing care community or affiliate but shall not require any audited financial statements other than the consolidated financial statements of the entity.

(5) Within 30 days after the end of the first half of its fiscal year, a continuing care community shall submit to the department an unaudited semiannual financial statement that includes at least all of the following:

(a) A balance sheet.

(b) An income statement.

(c) A statement of cash flows.

(d) A statement of how entrance fee proceeds are used.

(e) A management discussion explaining material fluctuations in the balance sheet and income statement, compared to the prior period or prior year-to-date.

History: 2014, Act 448, Eff. Apr. 2, 2015

