

①

# Florida Association of Homes for the Aging

*An Organization of Retirement Housing and HealthCare Communities*



1812 Riggins Road • Tallahassee, FL 32308  
Phone: 850/671-3700 • Fax: 850/671-3790 • Web site: www.faha.org

**Judi Buxo**  
*Chair*

**Janegale Boyd**  
*President/CEO*

Mr. Lawrence W. Smith  
Director - Technical Application and Implement  
Financial Accounting Standards Board  
401 Merritt 7, 6th Floor  
Norwalk, CT 06856

**Letter of Comment No: 3**  
**File Reference: FSP78U**

Dear Mr. Smith:

The state of Florida has 69 licensed continuing care retirement communities, most of which are members of the Florida Association of Homes for the Aging. FAHA is a non-profit statewide association founded in 1963.

Florida has one of the strongest state laws governing CCRCs. As an association, we were involved in drafting major legislative reforms in 1980 followed by subsequent refinements, all of which were intended to safeguard the financial investment of retirees who are contract holders.

The purpose of this letter is to express our concerns about the recent Securities and Exchange Commission's position on the reporting of refundable entrance fees. SEC's position calls for the classification of all refundable entrance fees as current liabilities, which is in direct conflict with long-standing accounting practices for CCRCs. If this change in policy is accepted as the generally accepted accounting policy for CCRCs, we believe that it will confuse consumers and current contract holders since the change will result in a distortion of financial ratios. What may appear as a weakened financial status could adversely affect marketing and as a result lead to unintended financial problems. In addition, we believe that an unintended consequence of the SEC's position would be a reduction in the confidence of a financially sound CCRC by its current and potential residents.

We urge members of FASB to oppose adoption of the SEC opinion.

Thank you for your time and consideration.

Sincerely,

Mary Ellen Early  
Senior Vice President-Public Policy

MEE/bms  
CC: Florida Life Care Residents Association