



THE RESIDENTS' ROLE IN CCRC MANAGEMENT AND GOVERNANCE

In nonprofit organizations the responsibilities of boards in *governance*, and of executives and staffs in management, have been delineated with reasonable clarity. But nowhere is the place of "beneficiaries" spelled out, the role in governance and management of those *receiving* the services provided by the organization. Here there is a real need for understanding, clarity, and possibly change.

Beneficiaries of public services are of many kinds, differing among other ways by whether they pay for the service they receive. Their role in governance and management will thus vary considerably. Beneficiaries of some nonprofit organizations, for instance, pay nothing for the service they receive - the homeless, the helpless, the hungry. Clearly nonpaying recipients of community social services have not even a remote part in running the service organizations.

On the other hand, the beneficiaries of some nonprofit public service organizations do pay in whole or in part for the service they receive. Theater, concert, and museum goers pay admissions. Students - or their parents - pay tuitions for school or college education. Hospital patients may pay, or insurance or government agencies may reimburse, for their healthcare. They deserve some place in the governance structure to assure adequacy in the service they are paying for.

As a prime example of paying beneficiaries, residents in Continuing Care Retirement Communities (CCRCs) not only benefit personally from the service that exists for them, they have an appreciable financial stake in the institution, either with an equity position, or contractually with a substantial "entry fee". In addition they pay regular and sizeable monthly fees. Their interest and right to participate in the governance of their organization is unquestioned.

What then is, or should be, the role of such beneficiaries in the management and the governance - those who pay directly for the services they receive?

One obvious first step is to have one or more beneficiaries be members of the board of directors - the trustees. In CCRCs the President of the Residents Association can be a voting member of the board. It might not be excessive to have other residents, selected by the board, also be members; after all there may be several experienced residents who would make fine trustees. Residents can also sit on board committees.

However, there is a real caution here: beneficiaries, such as residents, on the governing board may feel a call to *represent* constituent interests and that leads to misunderstanding about just what "representation" means.

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AN ACTIVE COMMUNITY IN PENNSYLVANIA

Homestead Village

As of the first week in April, 44 villas in the Mews at Homestead Village have been completed and occupied. An additional 18 villas have been reserved, with 30 remaining sites available.

The Homestead Village Chorus began with only 15 members and its first Choral Director, Karl Forssmark. Today the chorus has grown to over 35 members under the direction of Jean Frantz, a graduate of Lebanon Valley College and Westminster Choir College. The chorus presents Christmas and Spring concerts every year as well as performing at other retirement communities. In addition, they sing at church services over the summer months and special event days like Memorial Day.

The Homestead Village Craft Program has really taken off under the leadership of Marge Bundens. Within the first year, she gathered a group of interested residents to help her create a variety of appealing crafts for the annual Homestead Day sale. She also assists with a craft program for residents in the Health Center.

Crafters produce delightful items for Homestead Day and also for a Christmas sale as well. Monies raised at the Homestead Day sale are designated for the Homestead Village Endowment and Gifts Fund. Funds raised at the Christmas sale are used to provide for the future of the craft program.

(continued from front cover)

President's Message

publication in the Life Line or NaCCRA News to either Pat or me. We also welcome letters from individuals with questions or recommendations. Her address: Patricia Vierkorn, 1001 Carpenters Way, H504, Lakeland, Florida 33809, 863-815-8456, Jackv1221@wmconnect.com

I would like to thank all present and past officers and appointed individuals for your service. Your contribution to this organization has been great and you should take pride in your accomplishments in such a short period. It is my desire for the current appointed individuals to continue to serve until after the 2005 annual meeting.

I would like to encourage each state and community organization to send a representative to the annual NaCCRA and AAHSA meeting in San Antonio, TX in November. The attendee will meet some outstanding individuals and be able to review the latest equipment for communities like ours. The meeting is scheduled 2:30 - 6:30 Tuesday, November 8 at the convention center. AAHSA has special rates at several hotels. Go to their web site for more information. Additional information regarding the meeting will be provided in the next Life Line.

I am humbled by your confidence. And, I failed to thank Milt Brummer for his encouragement to get me involved in NaCCRA. Milt nominated me for Vice President and President of NaCCRA. Because I know of all the outstanding service Milt has provided for his community, Florida and NaCCRA, his confidence in me is overwhelming. I will always look to Milt for guidance.

Again, thanks for your support. I will put forth maximum effort to prove that your confidence was not misplaced.

Charles D Paulk

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The Residents' Role in CCRC Management and Governance

They certainly can bring a point of view to board discussions, to assure full understanding. But all board members of nonprofit organizations are trustees; they have a fiduciary accountability to the public for the operation and integrity of the organization. While board members are drawn from different constituencies, including beneficiaries, they do not "represent" those interests on the board in a democratic, parliamentary sense. Importantly, *decisions on the board are made in the overall interest of the organization, not by members speaking "on behalf of", and "reporting to" special interests.*

Thus with CCRCs, where beneficiaries have a major financial stake, the role residents play is significant but has its limitations. It is the board of a nonprofit corporation - the trustees - that, in a very real sense, "owns" the organization; the board, not the management, not the beneficiaries, stands accountable "to the public", to the IRS, and to States Attorneys of the several states, for all that the organization does. Residents must rely on the fundamental mandate for all managers and boards of all nonprofit organizations to be accountable and transparent.

FISHER HOWE is a management consultant for nonprofit organizations. A former Foreign Service Officer, he is President of the Residents Association and on the Board of INGLESIDE AT ROCK CREEK, a Washington, DC retirement community.

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