

Report on Examination

of

Community Supports, Inc.

d/b/a

Lakeview Terrace

Altoona, Florida

as of

December 31, 2020



Contents

Scope of Examination	1
Company History	1
Summary of Findings	2
Minimum Liquid Reserve.....	8
Summary of Recommendations	9
Conclusion	11

SCOPE OF EXAMINATION

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit conducted a routine examination of Community Supports, Inc. d/b/a Lakeview Terrace (“Lakeview Terrace”), pursuant to Section 651.105, Florida Statutes. The objective of the examination was to determine the extent of compliance with the provisions of Chapter 651, Florida Statutes, and Rule Chapter 69O-193, Florida Administrative Code. The examination covered the period of January 1, 2013 through December 31, 2020.

COMPANY HISTORY

Community Supports, Inc., a Florida not-for-profit corporation was granted a certificate of authority by the OIR to offer continuing care contracts on August 4, 1980. Community Supports, Inc., operates Lakeview Terrace a continuing care retirement community (“CCRC”) facility located in Altoona, Florida. Lakeview Terrace is managed by DSI Management, Inc.

Lakeview Terrace operates on a calendar year basis. As of December 31, 2020, Lakeview Terrace reported in its Annual Report filed with the OIR: 345 Continuing Care Units consisting of 316 Independent Living Units and 29 Assisted Living Units; 40 Skilled Nursing Units consisting of 20 Community Beds and 20 Sheltered Beds; and 23 Rental Units. As of that date, there were 438 individuals reported residing at Lakeview Terrace: 391 pursuant to a continuing care contract; and, 47 not pursuant to a continuing care contract.

SUMMARY OF FINDINGS

The following is a summary of findings. The findings are discussed in more detail in the pages that follow with recommendations beginning on page 9.

AUDITED FINANCIAL STATEMENTS

The audited financial statements Lakeview Terrace filed with the OIR during the scope period of the examination were reviewed for compliance with Section 651.026, Florida Statutes.

Finding:

Section 651.026(1), Florida Statutes, provides in part that the provider shall file an annual report and such other information and data showing its condition as of the last day of the preceding year (calendar or fiscal).

Section 651.026(2)(b), Florida Statutes (2018), requires the annual report filing to include financial statements audited by an independent certified public accountant which must contain, for two or more periods if the facility has been in existence that long, all of the following: an accountant's opinion, and in accordance with generally accepted accounting principles: a balance sheet; a statement of income and expenses; a statement of equity and fund balances; and a statement of changes in cash flows.

Section 651.026(2)(b), Florida Statutes (2019), requires the annual report filing to include a financial report audited by an independent certified public accountant which must contain, for two or more periods if the facility has been in existence that long, all of the following: An accountant's opinion and, in accordance with generally accepted accounting principles: a balance sheet; a statement of income and expenses; a statement of equity or fund balances; and, a statement of changes in cash flows.

Lakeview Terrace failed to file with the OIR audited financial statements for the calendar years ended December 31, 2013, 2014, 2015, 2016, 2017, 2018, and 2019, in accordance with Section 651.026(2)(b), Florida Statutes. Specifically, the audited financial statements submitted to the OIR were not solely of the Provider, Lakeview Terrace, but, were consolidated financial statements that included other entities: Lakeview Terrace Home Health Services, LLC; ECCI, LLC; Lisenby Holdings, LLC; and Lisenby, LLLP.

QUARTERLY MEETING WITH RESIDENTS

Quarterly meeting documents, notices, and meeting dates contained in the annual reports filed with the OIR during the scope period of the examination were reviewed for compliance with Section 651.085 Florida Statutes.

Finding 1:

Section 651.085(1), Florida Statutes, provides in part that the governing body of a provider, or the designated representative of the provider, shall hold quarterly meetings with the residents of the continuing care facility for the purpose of free discussion of subjects including, but not limited to, income, expenditures, and financial trends and problems as they apply to the facility, as well as a discussion on proposed changes in policies, programs, and services.

Section 651.085(1), Florida Statutes, provides in part that residents shall be provided at least 7 days' advance notice of each quarterly meeting between the governing body of the provider, or the designated representative of the provider and the residents.

In one instance, Lakeview Terrace failed to provide residents with at least 7 days' advance notice of a quarterly meeting between the governing body of the provider, or the designated

representative of the provider and the residents, as required by Section 651.085(1), Florida Statutes. In this instance, the notice for the meeting held on January 14, 2020, was provided on January 8, 2020.

Finding 2:

In 16 instances, Lakeview Terrace failed to provide documentation to demonstrate residents were provided at least 7 days' advance notice for each of the quarterly meetings held in calendar years 2013, 2014, 2015, and 2019, between the governing body of the provider, or the designated representative of the provider and the residents, as required by Section 651.085(1), Florida Statutes. In these instances, the examination was unable to determine if Lakeview Terrace complied with the notice requirements of Section 651.085(1), Florida Statutes.

Finding 3:

Section 651.085(4), Florida Statutes, provides in part that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee, the designated representative of the provider must provide the reasons, by department cost centers, for any increase in the fee that exceeds the most recently published Consumer Price Index for All Urban Consumers, all items, Class A Areas of the Southern Region.

For monthly fee increases that took effect in calendar years 2014, 2015, 2016, 2017, 2018, 2019, and 2020, Lakeview Terrace failed to provide documentation to demonstrate that at a quarterly meeting with the residents prior to the increase, the reasons, by department cost centers, for monthly maintenance fee increase that exceeded the Consumer Price Index for All Urban Consumers, all items, Class A Areas of the Southern Region, as required by Section 651.085(4), Florida Statutes. Accordingly, in these instances the examination was

unable to determine if Lakeview Terrace complied with the requirements of Section 651.085(4), Florida Statutes.

Finding 4:

Section 651.085(1), Florida Statutes, provides in part that the annual report required pursuant to Section 651.026, Florida Statutes, shall include the dates on which quarterly meetings with residents were held during the reporting period.

In 11 instances, Lakeview Terrace failed to accurately report in its Annual Reports filed with the OIR, the dates on which quarterly meetings with residents were held, as required by Section 651.085(1), Florida Statutes.

Date Quarterly Meeting Held	Date Quarterly Meeting Reported in the Annual Report
March 10, 2015	March 18, 2015
May 12, 2015	June 17, 2015
September 8, 2015	September 16, 2015
November 10, 2015	December 16, 2015
September 12, 2017	September 19, 2017
July 17, 2018	July 10, 2018
November 16, 2018	November 13, 2018
March 12, 2019	March 6, 2019
May 14, 2019	June 5, 2019
September 10, 2019	September 4, 2019
November 12, 2019	December 4, 2019

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

Documentation was reviewed to determine compliance with the Residents' Council disclosure requirements, pursuant to Sections 651.081(2)(a) and 651.085(3), Florida Statutes, as well as, Section 651.091(2), Florida Statutes.

Finding 1:

Section 651.081(2)(a), Florida Statutes, provides in part that within 30 days after the election of a newly elected president or chair of the residents' council, the provider shall give the president or chair a copy of Chapter 651, Florida Statutes and rules adopted thereunder, or direct him or her to the appropriate public website to obtain this information.

Lakeview Terrace failed to provide documentation to demonstrate that each newly elected President of the Residents' Council, was provided a copy of Chapter 651, Florida Statutes and rules adopted thereunder, or directed him or her to the appropriate public website to obtain this information, as required by Section 651.081(2)(a), Florida Statutes. The examination was unable to determine if each newly elected President or Chair of the Residents' Council for the years 2013, 2014, 2015, 2016, 2018, 2019, and 2020, were provided the required information.

Finding 2:

Section 651.085(3), Florida Statutes, provides that the designated representative of the residents' council shall be notified at least 14 days in advance of any meeting of the full governing body at which proposed changes in resident fees or services will be discussed and the representative shall be invited to attend and participate in that portion of the meeting designated for the discussion of the changes.

For the fee increases effective for calendar years 2014, 2015, 2016, 2017, 2018, 2019, and 2020, Lakeview Terrace failed to notify and invite the designated representative of the Residents' Council to attend and participate in that portion of the meetings of the full governing body at which proposed changes in resident fees were discussed, as required by Section 651.085(3), Florida Statutes.

Finding 3:

Section 651.091(2)(d), Florida Statutes (2017), provides that each continuing care facility distribute a copy of the full annual statement and a copy of the most recent third-party financial audit filed with the annual report to the president or chair of the residents' council within 30 days after filing the annual report with the OIR.

Lakeview Terrace failed to provide documentation to demonstrate that the President or Chair of the Residents' Council was provided a copy of the third-party financial audit for the calendar years ended 2016, and 2017, as required by Section 651.091(2)(d), Florida Statutes (2017). In these instances, the examination was unable to determine if the required information has been provided.

Finding 4:

Section 651.091(2)(f), Florida Statutes (2014), provides that each continuing care facility shall deliver to the president or chair of the residents' council a summary of entrance fees collected and refunds paid during the period covered in the annual report and the refund balances due at the ending of the reporting period.

In one instance, Lakeview Terrace failed to provide documentation to demonstrate that the President or Chair of the Residents' Council was provided a summary of entrance fees collected and refunds paid during the period covered in the 2014 Annual Report and the refund balances due at the ending of this reporting period, as required by Section 651.091(2)(f), Florida Statutes (2014). In this instance, the examination was unable to determine if the required information had been provided.

CONTRACTS WITH AFFILIATES

Finding:

Section 651.1151(3), Florida Statutes, provides that any contract with an affiliate, an entity controlled by the provider, or an entity controlled by an affiliate of the provider for administrative, vendor, or management services entered into or renewed after October 1, 1991, must include a provision that the contract will be canceled upon issuance of an order by the OIR.

Lakeview Terrace provided two contracts entered into with affiliated entities that failed to include the provision that the contract will be canceled upon issuance of an order by the OIR, as required by Section 651.1151(3), Florida Statutes. The examination noted that the Lease Agreement with Lakeview Terrace Home Health Services, LLC, and the Amended and Restated Health Care Center Lease for ALF Facilities with Lakeview Terrace Home Health Care Center, LLC, did not have this required provision.

MINIMUM LIQUID RESERVE

As of December 31, 2020, Lakeview Terrace's Minimum Liquid Reserve was funded in accordance with Section 651.035, Florida Statutes.

SUMMARY OF RECOMMENDATIONS

AUDITED FINANCIAL REPORTS

Finding: The OIR recommends Lakeview Terrace file as part of its Annual Report to the OIR financial reports audited by an independent certified public accountant, in accordance with Section 651.026, Florida Statutes.

QUARTERLY MEETING WITH RESIDENTS

Findings 1 and 2: The OIR recommends Lakeview Terrace establish adequate procedures and controls to ensure that residents are provided at least 7 days' in advance of each quarterly meeting, in accordance with Section 651.085(1), Florida Statutes. The OIR further recommends Lakeview Terrace obtain documentation that demonstrates the quarterly meetings were properly noticed and held.

Finding 3: The OIR recommends Lakeview Terrace establish adequate control and procedures to ensure that a quarterly with residents, meeting prior to the implementation of any increase in the monthly maintenance fee, the designated representative of the provider provide the reasons, by department cost centers, for any increase in the fee that exceeds the most recently published Consumer Price Index for All Urban Consumers, all items, Class A Areas of the Southern Region, in accordance with Section 651.085(4), Florida Statutes. The OIR further recommends Lakeview Terrace obtain documentation to demonstrate this required information has been provided to the residents.

Finding 4: The OIR recommends Lakeview Terrace establish adequate procedures and controls to ensure that the actual dates on which the quarterly meetings with residents are held, are accurately reported in its Annual Reports filed with the OIR, in accordance with Section 651.085(1), Florida Statutes.

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

Findings 1, 2, 3, and 4: The OIR recommends Lakeview Terrace establish adequate procedures and controls to ensure that all required Residents' Council disclosures are properly delivered to the appropriate individuals, in accordance with Chapter 651, Florida Statutes. The OIR further recommends Lakeview Terrace obtain documentation to demonstrate the disclosures were provided.

CONTRACTS WITH AFFILIATES

The OIR recommends Lakeview Terrace review, and amend if needed, its contracts with affiliated entities to ensure compliance with the requirements of Section 651.1151(3), Florida Statutes.

CONCLUSION

This Final Report of Examination is based upon the information provided to the OIR from Community Supports, Inc., and additional research conducted by the OIR.

The following individuals from the Florida Office of Insurance Regulation participated in the examination: Bernie L. Stoffel, Senior Management Analyst Supervisor and Kyle Barber, Financial Specialist.

Respectfully submitted,



Carolyn M. Morgan, APIR
Director, Life & Health Financial Oversight
Florida Office of Insurance Regulation