

**Report on Examination**

**of**

**The Glenridge on Palmer Ranch, Inc.**

**Sarasota, Florida**

**as of**

**June 30, 2018**



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## **SCOPE OF EXAMINATION**

The Florida Office of Insurance Regulation (“Office”), Life & Health Financial Oversight unit, conducted a routine examination of The Glenridge on Palmer Ranch, Inc. (“Glenridge on Palmer Ranch”), 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 scope period of the examination was January 1, 2012 through June 30, 2018.

## **COMPANY HISTORY**

Glenridge on Palmer Ranch, a Florida not-for-profit corporation, was granted a Certificate of Authority by the Office to offer continuing care contracts on December 6, 2001. Glenridge on Palmer Ranch operates a continuing care retirement community facility located in Sarasota, Florida and is managed by Praxeis, LLC, a Florida Limited Liability Company.

As of December 31, 2017, Glenridge on Palmer Ranch reported: 353 Continuing Care Units consisting of 306 Independent Living Units and 47 Assisted Living Units; 61 Skilled Nursing Units consisting of 20 Community Beds and 41 Sheltered Beds; and 2 Rental Units. As of that date, there were 493 individuals reported residing at Glenridge on Palmer Ranch: 490 pursuant to a continuing care agreement; and 3 pursuant to a rental agreement.

## 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.

### CANCELATIONS AND REFUNDS

Glenridge on Palmer Ranch provided a list of 173 continuing care contracts canceled during the scope period of the examination. A sample of 70 contract cancelations was selected and reviewed to verify the amount of the refund due, if any, and whether refunds were properly issued. Of the 70 cancelations selected for examination, 62 were eligible for refunds.

#### Finding:

Section 651.055(1)(h), Florida Statutes, provides in part that the continuing care contract provide the terms governing the refund of any portion of the entrance fee. Section 651.055(1)(h)1., Florida Statutes, provides in pertinent part the refund must be paid within 120 days after a resident giving notice of intention to cancel. Section 651.055(1)(i), Florida Statutes, provides that the contract state the terms under which a contract is canceled by the death of the resident.

In 17 instances, Glenridge on Palmer Ranch failed to timely issue refunds, as required by Section 651.055(1)(h)2.a., Florida Statutes. In each of the 17 instances, the terms of the underlying continuing care contract provided for the refund to be issued within 120 days after the contract terminated or from the proceeds of the next entrance fee. The Glenridge on Palmer Ranch would hold funds for resident's refund until they had the total amount that was due to the resident. However, Glenridge on Palmer Ranch should have paid refunds, or portions thereof, as they received new resident entrance fees until the resident refund was paid in full. Due to Glenridge on Palmer Ranch not paying the refunds as they received

new entrance fees, refunds were issued 168 to 435 days after the resident vacated the facility.

#### REQUIRED ESCROW DEPOSITS OR WAIVERS

Glenridge on Palmer Ranch provided a list of 198 continuing care contracts entered into during the scope period of the examination. A sample of 50 transactions was selected and reviewed for compliance with Section 651.055(2), Florida Statutes.

Section 651.055(2), Florida Statutes, provides in part that a resident has the right to rescind a continuing care contract within seven days after executing the contract and during this rescission period the resident's funds must be held in an escrow account unless the resident requests the provider hold and not deposit the check during the seven-day period, pursuant to Section 651.033(3)(c), Florida Statutes (2018).

#### Finding 1:

In ten instances, Glenridge on Palmer Ranch failed to hold the resident funds in an escrow account for the seven-day rescission period of the continuing care contract, as required by Section 651.055(2), Florida Statutes. In all instances, Reservation Agreement funds were removed from the escrow account prior to the end of the seven-day rescission period of the continuing care contract.

#### Finding 2:

In five instances, Glenridge on Palmer Ranch failed to hold and not deposit residents' checks for the seven-day rescission period of the continuing care contract, as required by Section 651.055(2), Florida Statutes. In all instances, although the residents requested

Glenridge on Palmer Ranch hold and not deposit their checks for the seven-day rescission period the checks were deposited prior to the end of the seven-day rescission period of the continuing care contract.

### AUDITED FINANCIAL STATEMENTS

The audited financial statements of Glenridge on Palmer Ranch filed with the Office during the scope period of the examination were reviewed for compliance with Section 651.026, Florida Statutes (2018).

#### 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.

Glenridge on Palmer Ranch failed to file with the Office audited financial statements for years ended December 31st, 2016 and 2017, in accordance with Section 651.026(2)(b), Florida Statutes (2018). Specifically, the audited financial statements submitted to the Office were not solely of the Provider, Glenridge on Palmer Ranch, but, were consolidated financial statements that included The Glenridge Charitable Foundation, Inc. The Glenridge Charitable Foundation, Inc., is a Florida not-for-profit corporation formed in 2016 to exclusively support and benefit the charitable purposes of The Glenridge on Palmer Ranch.

### WAIT LIST

Glenridge on Palmer Ranch provided a list of the 169 wait list contracts executed during the scope period of the examination. A sample consisting of 57 wait list contracts was selected and reviewed for compliance with Sections 651.022(2)(g) and 651.033(4), Florida Statutes, and Rule 69O-193.018, Florida Administrative Code.

### Finding:

Section 651.022(2)(g), Florida Statutes, provides in pertinent part that no wait list contract may be used by the provider until it has been submitted to the Office and approved.

In 44 instances, Glenridge on Palmer Ranch utilized a wait list contract form titled "WAIT LIST AGREEMENT FOR THE GLENRIDGE" that was not approved by the Office, as required by Section 651.022(2)(g), Florida Statutes.

On September 19, 2018, Glenridge on Palmer Ranch submitted to the Office for approval a wait list contact form titled "WAIT LIST AGREEMENT FOR THE GLENRIDGE ON PALMER RANCH, INC.". The Office approved the form on October 25, 2018.

### NEW FINANCING, ADDITIONAL FINANCING OR REFINANCING

Information was obtained and reviewed related to new financing, additional financing and refinancing during the scope period of the examination to determine compliance with Section 651.019, Florida Statutes (2018).

### Finding:

Section 651.019(2), Florida Statutes (2018), requires the provider to submit to the Office copies of executed financing documents within 30 days after the closing date.

In two instances, Glenridge on Palmer Ranch failed to timely provide to the Office copies of the executed financing documents within 30 days after the closing date of the transaction, as required by Section 651.019(2), Florida Statutes (2018). In one instance, Glenridge on Palmer Ranch entered into a line of credit transaction that closed on September 7, 2016, the Office was provided executed financing documents 65 days later on November 11, 2016. In the second instance, Glenridge on Palmer Ranch failed to submit or provide documentation for the Office to determine that a copy of the executed financial documents related to a 2015 bond issuance that closed on September 1, 2015, was timely submitted.

On February 5, 2019, Glenridge on Palmer Ranch provided the Office with copies of the executed financing documents related to the 2015 bond issuance.

#### REQUIRED POSTINGS

The postings of the Certificate of Authority, Market Conduct Report of Examination, Financial Report of Examination, and Annual Report in the facility were reviewed to determine compliance with Section 651.091(2), Florida Statutes (2018).

#### Finding 1:

Section 651.091(2)(a), Florida Statutes (2018), requires each continuing care facility display its certificate of authority in a conspicuous place inside the facility.

Glenridge on Palmer Ranch failed to display its Certificate of Authority in a conspicuous place inside the facility, as required by Section 651.091(2)(a), Florida Statutes. The examination noted the Certificate of Authority was located inside a binder on a shelf in the library, but, was not displayed.



Finding 2:

Section 651.091(2)(b), Florida Statutes, requires every continuing care facility to post in a prominent position in the facility, which is accessible to all residents and the general public, a concise summary of the last examination report issued by the Office, the actions taken to rectify such deficiencies, and indicate in such summary where the full report may be inspected in the facility.

Glenridge on Palmer Ranch failed to post in a prominent position in the facility accessible to all residents and the general public, a concise summary of the last Market Conduct Final Examination Report and Financial Report of Examination issued by the Office and the actions taken to rectify any deficiencies noted, as required by Section 651.091(2)(b), Florida Statutes. The examination noted the last Market Conduct Report of Examination and Financial Report of Examination issued by the Office were located inside a binder on a shelf in the library, but, the required information was not posted.

Finding 3:

Section 651.091(2)(c), Florida Statutes (2018), requires every continuing care facility to post in a prominent position in the facility, which is accessible to all residents and the general public, a summary of the latest annual statement, indicating in the summary where the full annual statement may be inspected in the community.

Glenridge on Palmer Ranch failed to post a summary of the latest Annual Statement in prominent position in the facility, accessible to all residents and the general public, as required by Section 651.091(2)(c), Florida Statutes (2018). The examination noted the latest annual statement was located inside a binder on a shelf in the library, but, the required information was not posted.

On February 7, 2019, Glenridge on Palmer Ranch provided the Office documentation that the required documents have been posted on the Resident Bulletin Board.

#### **MINIMUM LIQUID RESEVE REQUIREMENTS**

As of June 30, 2018, Glenridge on Palmer Ranch Minimum Liquid Reserve (MLR) was funded in accordance with Section 651.035, Florida Statutes (2018).

## **SUMMARY OF RECOMMENDATIONS**

### CANCELATION AND REFUNDS

The Office recommends Glenridge on Palmer Ranch establish adequate procedures to ensure refunds are issued in accordance with Section 651.055(1), Florida Statutes.

### REQUIRED ESCROW DEPOSIT

The Office recommends Glenridge on Palmer Ranch establish adequate procedures and controls to ensure that resident funds properly handled, in accordance with Section 651.055(2), Florida Statutes.

### AUDITED FINANCIAL REPORTS

The Office recommends Glenridge on Palmer Ranch submit as part of its Annual Report filings to the Office financial reports of Glenridge on Palmer Ranch that have been audited by an independent certified public accountant, in accordance with Section 651.026, Florida Statutes.

### WAIT LIST FORMS

The Office recommends Glenridge on Palmer Ranch establish adequate procedures and controls to ensure all wait list contract forms are filed and approved by the Office prior to use, in accordance with Section 651.022(2)(g), Florida Statutes.

### NEW FINANCING, ADDITIONAL FINANCING OR REFINANCING

The Office recommends Glenridge on Palmer Ranch establish adequate procedures and controls to ensure that all notifications and executed documents related to new financing, additional financing or refinancing are timely and properly submitted to the Office, in accordance with Section 651.019(2), Florida Statutes.

REQUIRED POSTINGS

The Office recommends Glenridge on Palmer Ranch establish adequate procedures and controls to ensure the required information is properly displayed and posted, in accordance with Section 651.091(2), Florida Statutes.

## CONCLUSION

This Final Report of Examination is based upon the information provided to the Office from The Glenridge on Palmer Ranch, Inc., and additional research conducted by the Office.

The following individuals from the Office of Insurance Regulation participated in the examination: Bernie L. Stoffel, Senior Management Analyst Supervisor; Alicia Thompkins-Perryman, CFE, APIR, Financial Specialist; Hannah Scott, Insurance Analyst II; and Lisa M. Parker, ASA, MAAA, APIR, Actuary.

Respectfully submitted,



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