

Report on Examination

of

The Christian and Missionary Alliance Foundation, Inc.

Fort Myers, Florida

as of

June 30, 2018



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SCOPE OF EXAMINATION

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit, conducted a routine examination of The Christian and Missionary Alliance Foundation, Inc., 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 July 1, 2012 through June 30, 2018.

COMPANY HISTORY

The Christian and Missionary Alliance Foundation, Inc., a Florida not-for-profit corporation was granted a certificate of authority by the OIR to offer continuing care contracts on July 15, 1980. The Christian and Missionary Alliance Foundation d/b/a Shell Point Retirement Community operates a continuing care retirement community (“CCRC”) facility located in Fort Myers, Florida. The sole corporate member of The Christian and Missionary Alliance Foundation is The Christian and Missionary Alliance, Inc., a Colorado non-profit corporation. The Christian and Missionary Alliance Foundation is self-managed and does not utilize an individual or entity to perform the functions of a “manager” or “management company”, as defined by Rule 69O-193.002(13), Florida Administrative Code (2018).

The Christian and Missionary Alliance Foundation operates on the fiscal year July 1st through June 30th. As of June 30, 2018, The Christian and Missionary Alliance Foundation reported: 1,615 Continuing Care Units consisting of 1,292 Independent Living Units and 323 Assisted Living Units; 219 Skilled Nursing Units, consisting of 99 Sheltered Beds and 120 Community Beds; and 32 Rental Units. As of that date, there were 2,357 individuals reported residing at the facility: 2,275 pursuant to a continuing care contract; 32 pursuant to a rental agreement; and 50 skilled nursing community patients (non-CCRC).

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 8.

REQUIRED ESCROW DEPOSIT OR WAIVERS

The Christian and Missionary Alliance Foundation provided a list of 690 continuing care contracts executed 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.

Finding:

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.

In ten instances, The Christian and Missionary Alliance Foundation failed to maintain 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 the funds were removed from the escrow account prior to the expiration of the seven-day rescission period of the continuing care contract.

REQUIRED DISCLOSURES

The Christian and Missionary Alliance Foundation provided a list of 690 continuing care contracts executed during the scope period of the examination. A sample of 50 transactions was selected

and reviewed for compliance with Sections 651.055(4), 651.091(3), and 651.091(4), Florida Statutes (2018).

Finding 1:

Section 651.055(4), Florida Statutes, provides that before the transfer of any money or other property to a provider by or on behalf of a prospective resident, the provider shall present a typewritten or printed copy of the contract to the prospective resident and all other parties to the contract. The provider shall secure a signed, dated statement from each party to the contract certifying that a copy of the contract with the specified attachment, as required pursuant to this chapter, was received.

The Christian and Missionary Alliance Foundation failed to timely provide a copy of the continuing care contract to a prospective resident prior to the transfer of money or property, as required by Section 651.055(4), Florida Statutes. Specifically, an individual's funds were received on June 25, 2012, and the disclosure document receipt acknowledging the receipt of various required disclosures, to include a copy of the continuing care contract, was signed by the individual on July 25, 2012.

Finding 2:

Section 651.091(3), Florida Statutes (2018), provides in part that before entering into a contract to furnish continuing care, the provider undertaking to furnish the care, or the agent of the provider, shall make full disclosure, and provide copies of the specific disclosure documents to the prospective resident or his or her legal representative.

Section 651.091(3)(c), Florida Statutes (2018), provides in pertinent part that a provider include in its disclosure documents information on all ownership interests.

The Christian and Missionary Alliance Foundation failed to accurately describe its relationship to The Legacy Foundation at Shell Point, Inc., in its disclosure documents, as required by Section 651.091(3)(c), Florida Statutes (2018). The examination noted six versions of the disclosure document titled "Ownership/Lease Disclosure" that referred to The Legacy Foundation at Shell Point, as a subsidiary corporation. The Christian and Missionary Alliance Foundation is the sole corporate member of The Legacy Foundation at Shell Point and does not own the not-for-profit corporation.

Finding 3:

Section 651.091(3)(g), Florida Statutes (2018), provides in part that a provider include in its disclosure documents information regarding the amount and location of any reserve funds required by Chapter 651, Florida Statutes, and the name of the person or entity having a claim to such funds in the event of a bankruptcy, foreclosure or rehabilitation proceeding.

The Christian and Missionary Alliance Foundation failed to provide in its disclosure documents the location of minimum liquid reserve funds, as required by Section 651.091(3)(g), Florida Statutes (2018). Specifically, the disclosure document version dated for year ending December 27, 2012, provided the amount held in the minimum liquid reserve, but, failed to state the location where the funds were held.

Finding 4:

Section 651.091(4), Florida Statutes, provides in pertinent part that a true and complete copy of the full disclosure document to be used must be filed with the OIR before use.

The Christian and Missionary Alliance Foundation failed to file with the OIR true and complete copies of its full disclosure documents prior to use, as required by Section 651.091(4), Florida Statutes. The examination identified instances where specific required

disclosures within previously filed disclosure documents were changed and utilized without being filed with the OIR .

<u>Florida Statute</u>	<u>Document Titled</u>	<u>Specific Document Version Date</u>
Section 651.091(3)(c)	Ownership/Lease Disclosure	2/1/2012, 5/22/2014, 3/9/2017, 1/29/2018
Section 651.091(3)(d)	Planned Development and Expansion	3/4/2013, 6/2/2016, 1/31/2018
Section 651.091(3)(e)	Resident Manual	2013, 7/29/2016

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

Documentation was reviewed to determine compliance with the Residents' Council disclosure requirements, pursuant to Sections 651.081(2)(a), 651.085(3) and 651.091(2), Florida Statutes (2018).

Finding 1:

Section 651.085(3), Florida Statutes, provides that the residents' council designated representative be notified by the provider 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 shall be invited to attend and participate in that portion of the meeting designated for the discussion of such changes.

For the scope period of the examination, The Christian and Missionary Alliance Foundation failed to invite the Residents' Council designated representative to attend and participate in 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 2:

Section 651.091(2)(d), Florida Statutes (2018), 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.

The Christian and Missionary Alliance Foundation failed to provide to the President or Chair of the Residents' Council a copy of the third-party financial audits for fiscal years ended June 30, 2015, 2016 and 2017, as required by Section 651.091(2)(d), Florida Statutes (2018).

Quarterly Meetings with Residents

Quarterly meeting minutes, meeting notices, agenda, 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:

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.

The Christian and Missionary Alliance Foundation failed to accurately report in its Annual Reports filed with the OIR for the fiscal years ended June 30, 2016, 2017, and 2018, the dates on which quarterly meetings with residents were held, as required by Section 651.085(1), Florida Statutes. The examination revealed six instances where the dates the

quarterly meetings with residents were held conflicted with the dates of the meetings reported in the respective Annual Reports filed with the OIR.

<u>Fiscal Year Annual Report</u>	<u>Date Meeting Held Per Annual Report</u>	<u>Date Meeting Held per Examination</u>
2016	10/18/2015	9/18/2015
2017	Not Provided 11/09/2016-11/11/2016 2/16/2017-2/17/2017 5/18/2017- 5/19/2017	9/16/2016 11/09/2016 2/17/2017 6/08/2017
2018	9/26/2017	10/13/2017

WAIT LIST

The Christian and Missionary Alliance Foundation provided a list of 1,095 wait list contracts executed during the scope period of the examination. A sample of 44 transactions 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 wait list contracts be submitted and approved by the OIR before use.

The Christian and Missionary Alliance Foundation utilized three wait list contract forms that were not approved by the OIR, as required by Section 651.022(2)(g), Florida Statutes. The examination revealed the wait list forms: Wait List Registry 88040 ResAg; Wait List Registry 88040 ResAg 01/24/97; and Priority List Registry 88040 ResAg 01/24/97, were not approved by the OIR and used in 31 instances.

Minimum Liquid Reserve

As of June 30, 2018, The Christian and Missionary Alliance Foundation's Minimum Liquid Reserve (MLR) was funded in accordance with Section 651.035, Florida Statutes (2018).

SUMMARY OF RECOMMENDATIONS

REQUIRED ESCROW DEPOSIT OR WAIVERS

The OIR recommends The Christian and Missionary Alliance Foundation establish adequate procedures and controls to ensure that during the seven-day rescission period of the continuing care contract resident funds are held in the escrow account for the entire rescission period of the continuing care contract, in accordance with Section 651.055(2), Florida Statutes.

REQUIRED DISCLOSURES

Finding 1: The OIR recommends The Christian and Missionary Alliance Foundation ensure that prior to the transfer of any money or other property, a copy of the contract is presented to the prospective resident and all other parties to the contract and a signed and dated statement is secured from each party to the contract certifying that a copy of the contract with the specified attachment was received, in accordance with Section 651.055(4), Florida Statutes.

Findings 2, 3 & 4: The OIR recommends The Christian and Missionary Alliance Foundation: establish adequate procedures and controls to ensure that its disclosure documents are accurate and include all required disclosures and, that a true and complete copy of the disclosure document is filed with the OIR before use, in accordance with Sections 651.091(3) and 651.091(4), Florida Statutes.

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

The OIR recommends The Christian and Missionary Alliance Foundation establish adequate procedures and controls to ensure the required disclosures are provided to the President, Chair and/or designated representative of the Residents' Council, in accordance with Chapter 651, Florida Statutes. Further, the OIR recommends that documentation be obtained to demonstrate the disclosures were provided.

QUARTERLY MEETING WITH RESIDENTS

The OIR recommends The Christian and Missionary Alliance Foundation establish adequate procedures and controls to ensure the actual dates on which the quarterly meetings are held with residents are accurately reported in the Annual Reports filed with the OIR, in accordance with Section 651.085(1), Florida Statutes.

WAIT LIST

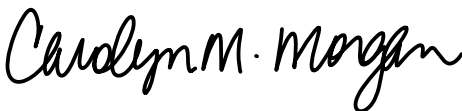
The OIR recommends The Christian and Missionary Alliance Foundation establish adequate procedures and controls to ensure wait list contracts and other forms that require statutory approval are approved by the OIR prior to use, in accordance with Section 651.022(2)(g), Florida Statutes.

CONCLUSION

This Final Report of Examination is based upon the information provided to the OIR from The Christian and Missionary Alliance Foundation, Inc., and additional research conducted by the OIR.

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, Reinsurance Financial Specialist; Hannah Scott, Insurance Analyst II; and Lisa M. Parker, ASA, MAAA, APIR, Actuary.

Respectfully submitted,



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Date Signed: February 3, 2023