Report of Statutory Examination
As of December 31, 2008

Wake Robin Corporation

by the

Vermont Department of Banking, Insurance, Securities
and Health Care Administration
Division of Insurance

IT IS HEREBY CERTIFIED that the annexed copy of the Report on the Statutory Examination of Wake Robin Corporation, as of December 31, 2008 has been compared with the original on file in the Department and that it is a correct and complete transcript of said original.

IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the official seal of this Department at the City of Montpelier this 19th day of October, 2009.

Kenneth L McGuckin

Kenneth L. McGuckin
Chief Examiner

The attached report of examination made on the condition and affairs of:

Wake Robin Corporation

Shelburne, Vermont

as of December 31, 2008 was recently completed by duly qualified examiners of the State of Vermont, Department of Banking, Insurance, Securities and Health Care Administration.

Due consideration has been given to the comments of the examiners regarding the operations of Wake Robin Corporation and its financial condition, as reflected in this report. This report is hereby, as of this date, approved, adopted, filed and made an official record of this Department.

IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the official seal of this Department at the City of Montpelier, this 14 day of October, 2009.

Paulette J. Thabault

Paulette J. Thabault
Commissioner

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August 10, 2009

Honorable Paulette J. Thabault
Commissioner of Banking, Insurance, Securities
and Health Care Administration
State of Vermont
89 Main Street
Montpelier, VT 05620-3101

Salutation

Dear Commissioner:

In accordance with your instructions and pursuant to the provisions of the Vermont Insurance Code, an examination has been conducted for the five years ended December 31, 2008 of:

Wake Robin Corporation
200 Wake Robin Drive
Shelburne, VT 05482

Such report of examination is herewith respectfully submitted.

Scope of the Examination

Purpose
We have performed our examination of Wake Robin Corporation (the Corporation) as of December 31, 2008, which covered the period January 1, 2004 through December 31, 2008. The prior examination report was prepared as of December 31, 2003 and covered the period January 1, 1999 through December 31, 2003. The examination team reviewed transactions subsequent to December 31, 2008, but prior to the date of this report (i.e. the completion date of the examination), as necessary.

We conducted our examination with reference to the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (FCEH). The FCEH requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Corporation. This is achieved by obtaining information about the Corporation including corporate governance, inherent risks and system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and ensuring management's compliance with appropriate accounting principles and State Regulations.

Reliance on Outside Entities
Pursuant to Vermont Regulations, the Corporation requested the independent accounting firm of LarsonAllen, LLP (the CPA) to make available for review all work papers pertinent to their audit of the Corporation's financial statements for the year ended December 31, 2008. Reliance was placed on work performed by the CPA in areas where similarities exist in exam and audit approaches.

Preparation of Report
This report of examination is prepared according to the full scope examination format described in the NAIC's FCEH. Comments pertain only to financial adjustments, procedural recommendations, or discrepancies with the approved charter.

Previous Examination Findings
There were no recommendations made in the previous report of examination.

History

General
Wake Robin is a not-for-profit (501-C-3) corporation, exempt from Federal Income Tax and operating as a Continuing Care Retirement Community (CCRC). The Corporation is regulated by the Vermont Department of Banking, Insurance, Securities and Health Care Administration, Division of Insurance (the Department), due to their insurance type-offering of future medical services at a fixed price upon entry into the community. Regulatory authority is derived from Vermont Statutes Annotated (VSA), Title 8, Chapter 151, Continuing Care Retirement Communities. The Corporation is Vermont's first and only CCRC and currently consists of 212 independent living units, a community center and a

health center with 35 units for residential care, 30 units for skilled nursing and 18 units for skilled nursing with a focus on dementia related illnesses. Located on 136 acres in Shelburne, VT, the Corporation was organized in 1984 and admitted its first residents in the summer of 1993. Residents pay a one-time entrance fee and monthly fees during the time the individual resides in a Wake Robin unit.

The Corporation's facilities were originally financed with tax-exempt mortgage revenue bonds issued through the Vermont Economic Development Authority (VEDA) in April 1993. The 1993 bonds were refinanced with approximately $52 million in tax-exempt revenue bonds in August of 1999. During 2006 an additional $50.5 million in tax-exempt revenue bonds were issued with the proceeds going to the Corporation to finance the construction of 37 additional independent living units, 18 skilled nursing units, and to make improvements to the existing community center.

Growth of the Corporation

The following is a summary of financial information as presented in the Corporation's financial statements for the years indicated (in $ thousands):

	2008	**2007**	**2006**	**2005**	**2004**
Revenue	$17,199	$14,887	$14,321	$13,413	$12,348
Expenses	(19,086)	(16,765)	(16,722)	(13,729)	(13,721)
Expenses over Revenue	(1,887)	(1,878)	(2,401)	(316)	(1,373)
Total Assets	91,036	98,526	94,427	58,681	58,650
Total Liabilities	(117,936)	(123,539)	(117,817)	(79,800)	(79,377)
Net Deficit	(26,900)	(25,013)	(23,390)	(21,119)	(20,727)

Certificate of Authority

The Department issued the Corporation an Amended Certificate of Authority (COA) on August 20, 1999, approving a bond issue (Series 1999) in the amount of $52 million and other steps to ensure the financial feasibility and liquidity of the Corporation. The Corporation is statutorily required to establish a reserve fund (the Statutory Reserve) equal to annual principal and interest payments on all debt (including but not limited to mortgage bonds) or 15 percent of annual operating expenses, whichever the greater. However, the COA permitted the Corporation to expend funds from the Statutory Reserve without approval from the Department in order to improve working capital and solvency ratios. The Corporation subsequently withdrew all funds from the Statutory Reserve and transferred them to an unrestricted account at a Vermont Bank. The funds are recorded in the Corporation's unrestricted investments account for reporting purposes. Repayment of the withdrawal from the Statutory Reserve is to be made no later than December 31, 2022 or to the extent the Corporation is able to transfer funds from its other unrestricted cash and still remain in compliance with ratio covenants and maintain a Reserve Ratio greater than .35, both as set forth in its Loan and Trust Agreement.

In April 2006, the Department issued the Corporation a COA approving a $50.5 million bond issue to fund an expansion project to construct 37 independent living units, 18 skilled nursing units and to make improvements to the existing community center. The COA allowed for the execution of Residence and Care Agreements, as well as the collection of deposits from prospective residents of the new units. Pursuant to the terms of the COA, Wake Robin will continue to maintain the Statutory Reserve fund required by 8 VSA Section 8009. However, as was the case with the 1999 COA, the 2006 COA permitted the Corporation to expend funds from the Statutory Reserve. The 2006 COA required the creation of an un-perfected "Cash Reserve Account" with a Vermont Bank or Investment Company to take the place of the Statutory Reserve Fund until such time that certain financial metrics are met. The Corporation is required to transfer cash to the Cash Reserve Account, until such time as the balance in the account equals the required balance. The Corporation is required to transfer any unrestricted cash in the lesser of the following amounts: (1) cash that exceeds 450 days of available cash, as defined in the 2006 financing documents, or (2) the amount of cash in excess of the cash required to comply with all covenants in the 2006 financing documents, including maintaining a reserve ratio of greater than .35, to the Statutory Reserve. The required Statutory Reserve balance must be funded no later than December 31, 2022.

Management and Control

Board of Directors

The By-laws state that the affairs of the Corporation shall be managed by its Board of Directors, who need not be residents of the State of Vermont. The Board of Directors shall consist of eleven members or such other number (but not less than three) as may be determined by resolution of the Board. The election of Directors shall be yearly, with approximately one third of the Directors being elected each year. Former Directors may be elected as Directors Emeritus, who will have the right to attend meetings, but not the right to vote.

WAKE ROBIN CORPORATION
AS OF DECEMBER 31, 2008

Regular meetings of the Board of Directors shall be held quarterly or more often, at times and places fixed by the Board at its first meeting of the year or otherwise. Special meetings of the Board of Directors may be called by the Chair or by a majority of the Directors. A majority of the Board of Directors shall constitute a quorum at all meetings. An annual meeting of the Board of Directors shall be held during the month of March, April, or May of each year, at a time and place determined by the Board.

As of December 31, 2008 the Board of Directors of the Corporation were:

Name of Director	Principal Occupation
Kerin Stackpole, Esq., Chair	Partner at Bergeron, Paradis & Fitzpatrick, LLP
Patty Motch, Vice Chair	Retired, has served on many non-profit boards, long time involvement with Visiting Nurses Association
Debby Bergh, Immediate Past Chair	Fundraising Consultant
Jon Aldrich	IBM Engineer
Leigh Polk Cole, Esq.	Partner at Dinse, Knapp & McAndrew, P.C.
Gerald Hornung	Retired Investment Banker and Wake Robin Resident
Doug Hyde	Principal at Teljet, Inc.
Kate Lampton	Former Exec. Director of the Champlain Valley Greenbelt Alliance, and town planner
David Provost	Senior VP, Finance and Administration, Champlain College
Mildred Reardon, M.D.	Retired, Dean of UVM College of Medicine
Helen Riehle	Exec. Director of Vermont Program for Quality Health Care
Amy Wright	Director of Development, Cathedral Square
Allie Stickney	President & CEO, Wake Robin Corporation

WAKE ROBIN CORPORATION
AS OF DECEMBER 31, 2008

Name of Director	Principal Occupation
Fred Erdman	Treasurer and Secretary, Wake Robin Corporation
Mary Jane Gentry, *Director Emeritus*	Retired School Teacher
Stokes Gentry, M.D., *Director Emeritus*	Retired MD
R. James McKay, M.D., *Director Emeritus*	Retired MD
Michael Furlong, Esq., *Director Emeritus*	Partner at Sheehey, Furlong & Behm
Gretchen Morse, *Director Emeritus*	Exec. Director United Way of Chittenden County
Thomas Campbell, *Director Emeritus*	Retired IBM Facilities Executive

Officers

The By-laws state the Officers of the Corporation shall consist of a Chair, an Immediate Past Chair, a President, a Treasurer, a Secretary and such Vice Chairs, Vice Presidents and Assistant Secretaries, if any, as the Board of Directors may from time to time determine. Any two or more offices may be held by the same person, except the offices of President and Secretary.

As of December 31, 2008 the Officers of the Corporation were:

Title	Name
President	Allie Stickney
Treasurer & Secretary	Fred Erdman
Chair	Kerin Stackpole, Esq.
Immediate Past Chair	Debby Bergh
Vice Chair	Patty Motch

Committees

The By-laws permit the Board of Directors to designate Committees from among its members. The following Committees were appointed during the period under examination.

Budget & Finance Committee

David Provost, Chair
Debby Bergh
Leigh Polk Cole, Esq.
Michael Furlong, Esq.
Gerald Hornung
Doug Hyde
Patty Motch
Kerin Stackpole, Esq.
Fred Erdman, CFO
Allie Stickney, President & CEO

Nominating Committee

Kate Lampton, Chair
Debby Bergh
Mary Jane Gentry
Gretchen Morse
Kerin Stackpole, Esq.
Allie Stickney, President & CEO

Facilities Committee - Advisory

Jon Aldrich, Chair
Thomas Campbell
Steven Dates, retired facilities manager
Kate Lampton
Henry Moreno, Director of Environmental Services
Fred Erdman, CFO
Allie Stickney, President & CEO

Health Care Committee - Advisory

Patty Motch, Chair
Stokes Gentry, M.D.
R. James McKay, M.D.
Mildred Reardon, M.D.
Nancy Chiquoine, Director of Marketing & Resident Services
Sarah Macey, Director of Nursing
Linda Phypers, Director of Health Services
Allie Stickney, President & CEO

Marketing Committee - Advisory

Debby Bergh
Mary Jane Gentry
Patty Motch
Peter Post, former Board member
Nancy Chiquoine, Director of Marketing & Resident Services
Allie Stickney, President & CEO

Personnel Committee - Advisory

Kerin Stackpole, Esq., Chair
Kate Lampton
Patty Motch
Allie Stickney, President & CEO

Conflict of Interest Policy

For the years under examination, the Corporation had a conflict of interest policy in place for Directors, Officers and department heads. The conflict of interest policy is intended to serve as guidance for Directors and all persons employed by the Corporation in positions of significant responsibility to help ensure the integrity of the Corporation is protected and advanced at all times.

Indemnification of Directors and Officers

The By-laws state the Corporation shall indemnify any individual made a party to a proceeding because the individual is or was a Director or Officer of the Corporation, against liability incurred in the proceeding to the fullest extent permitted by applicable law.

Corporate Records
The Corporation's headquarters and administrative offices are located in Shelburne, Vermont, and the Corporation maintains its corporate records at this location. The minutes of the Board of Directors meetings were reviewed and found to adequately approve and support material transactions and events of the Corporation.

Fidelity Bond and Other Insurance

The Fiduciary Liability, Directors and Officers and Employment Related Practices Liability policies were issued by the Cincinnati Insurance Company with limits of liability of $5 million each loss, each policy year. The Corporation also has a Commercial coverage package with Cincinnati Insurance covering property, equipment breakdown and crime. The Commercial Auto coverage and Non-Profit Blue Chip Organization policies are also with the Cincinnati Insurance Company. Professional Liability, General Liability and Commercial Excess coverages were obtained from Homeland Insurance Company of New York. All coverages were certified to be in compliance with the Loan and Trust Agreement.

Contracts

Wake Robin uses two basic types of contracts to provide Residential/Community Living and Healthcare Services. They include a Residence and Care Agreement (standard contract), and a Residence and Care Agreement with a Defined Life Benefit Option. The Defined Life Benefit Option has not been available since 1995.

Residence and Care Agreement
The Residence and Care Agreement is the contract that is signed by new residents of Wake Robin. This contract includes residential facilities, long-term health care, one meal a day, and other amenities. For the services and use of the facilities, the resident pays an entrance fee and a monthly service fee. These fees vary depending upon the type of independent living unit chosen. The original contract also provides long-term residential and skilled nursing care, at the lowest monthly fee that a resident can pay as an independent living unit resident, at Linden Health Center when the resident permanently transfers. Effective May 3, 1995, the contracts were changed so that the fee remains the same as the fee the resident had been paying as an independent living unit resident, whether it is the lowest monthly fee or not. Effective May 1, 1998 the contract was further changed to include an additional charge for the two extra meals upon permanent transfer to Linden Health Center.

Residence and Care Agreement with a Defined Life Benefit Option
The Residence and Care Agreement with a Defined Life Benefit Option provides the same services and payment methods as the standard contract. The Defined Life Benefit Option is designed for residents with health problems and special needs. Residents who sign this type of contract usually occupy an independent living unit for a relatively short period of time. When their health becomes more acute and they are no longer capable of living in an independent living unit they are transferred to the Health Center. Entrance fees for the Defined Life Benefit Option are $10,000 more than under the standard contract. When a resident transfers to the Health Center their monthly fee becomes the residential care, or

skilled nursing, per diem rate less $20 a day (the defined benefit). This contract was made available when Wake Robin initially began operations for residents to move directly into residential care or skilled nursing, but none have since been issued.

Entrance fees

The Corporation offers two options for the Residence and Care Agreements: the fully amortizing entrance fee and the partially amortizing entrance fee. Under both agreements, the prospective resident is required to pay a deposit in the amount of 25% of the entrance fee at the time the contract is executed, with the balance of the entrance fee paid at the time of move in. Upon the occupancy of the unit, entrance fees are recorded as deferred revenue and amortized into revenue. It is the policy of the Corporation to amortize non-refundable entrance fees up to 50% of the contractually refundable amount. In the event of termination of the Residence and Care Agreement due to withdrawal, death or dismissal, a refund may be paid. The refund is based on the type of entrance fee agreement executed. If a resident enters into a fully amortizing entrance fee agreement, their refund will equal the entrance fee paid less 2% for each month of occupancy from the month of move-in to and including the month of termination. No refund will be paid after 50 months of occupancy. If a resident enters into a partially amortizing entrance fee agreement and the termination is during the first 25 months after move in, their refund will equal the entrance fee paid less 2% for each month of occupancy from the month of move in to and including the month of termination. If the termination is after 25 months, the resident will be refunded 50% of their entrance fee at any time the termination occurs. Increases in entrance fees must be approved by the Department and typically occur on an annual basis.

Deposits

Priority and interim deposits are received from prospective residents and deposited into an escrow account. Both deposits are fully refundable upon demand with the interest income accruing to the Corporation. Priority deposits are made in order for the prospective resident to receive a priority number. The number enables the prospective resident to receive priority status prior to move-in and unit selection. Prospective residents must make an interim deposit when they are within approximately one year of their expected move-in date.
Upon execution of a Residence and Care Agreement and prior to move-in, residents must pay a deposit equal to 25% of the entrance fee amount. The resident pays the balance of the entrance fee upon move-in. The entrance fee deposits are part of the Corporation's unrestricted cash and the liability is recorded as a refundable deposit and entrance fee.

Monthly Fees

The monthly fees vary by unit and provide for one meal per day, weekly house cleaning, yearly heavy duty house cleaning, building and grounds maintenance, scheduled transportation, security, emergency response system, scheduled events, cable TV, wireless internet, health screening, a wellness program, and use of the health center for residential care and skilled nursing. Telephone is not provided. Increases in monthly fees must be approved by the Department and typically occur on an annual basis.

Future Service Obligation

Wake Robin annually calculates the Future Services Obligation (FSO), which is the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded. The following is a summary of the liability for FSO as presented in the notes to the Corporation's financial statements for the years indicated (in $ thousands):

	2008	2007	2006	2005	2004
FSO Liability	$ -	$ -	$ -	$ 208	$ 1,005

The Corporation uses A.V. Powell & Associates (A.V.) to calculate the year-end FSO. A.V.'s calculations of the future service obligation for the organization are prepared in compliance with Chapter 14 of the AICPA Health Care Organization Audit Guide. The calculations were prepared by A.V. who also prepared a report indicating that the mathematical calculations underlying the tables are in accordance with the guidelines set forth in the audit guide. Key assumptions made in the 2008 calculation included: (i) cash inflows from monthly fees will increase at rates of 4.2 to 4.5% and cash inflows from entrance fees will increase 4.5% per year, (ii) cash outflows for operating expenses will increase at a rate of 4.5% and cash outflows for capital expenditures will increase at rates of 4.0 to 4.5%, (iii) a discount rate of 6.0% was used to discount future cash flows, based on the expected long-term rate of return on government obligations.

Bonds

On June 1, 2006, the Corporation entered into a Loan Agreement and Mortgage with the Vermont Economic Development Authority pursuant to which the authority sold the following issues of bonds and lent the proceeds to the Corporation:

Vermont Economic Development Authority Bonds		
Series 2006A, Mortgage Revenue	$	23,500,000
Series 2006B, Variable Rate Demand		16,455,000
Series 2006C, Variable Rate Demand Mortgage Revenue		8,250,000
Series 2006D, Variable Rate Demand Mortgage Revenue-Taxable		2,250,000
Total	$	50,455,000

The proceeds of these bonds were used to finance the construction and equipping of an additional 37 independent living and 18 skilled nursing units, to advance refund the Wake Robin Mortgage Revenue Bonds Series 1999B Bonds, to establish reserves required to be maintained by the trustee, for acquisition, improvement, and development of the facility site, for routine capital expenditures of the Corporation, and to pay for the costs of bond issuance.

The Corporation entered into Letters of Credit on June 1, 2006, to secure the payment of the Series 2006B, Series, 2006C and Series 2006D Bonds. The expiration of the letters of credit is the earlier of July 13, 2011, or the date of payment of a final drawing made under the respective letters of credit. The terms specified in each of the letters of credit as of December 31, 2008 indicate that, in the event that the bonds could not be remarketed, amounts advanced under the letter of credit are payable upon demand. However, the letter of credit specifies that amounts drawn may be converted to a term loan payable in quarterly installments through the date of the expiration of the letters of credit. As such, classification of a pro rata amount of the outstanding variable 2006 bonds, $6,582,000 as of December 31, 2008, along with the current portion of debt maturities for the 2006A bonds, is presented as a current liability as of December 31, 2008 in the statement of financial position. The Corporation is subject to various covenants under the bond agreements. These covenants include various reporting, financial, and operations requirements. As of December 31, 2008, the Corporation is not aware of any instances of non-compliance with these covenants.

The Corporation entered into a Master agreement with Sovereign Bank to enact a variable to fixed rate swap for the Series 2006B bonds effective June 27, 2006. The swap agreement will hedge the Series 2006B Variable Rate Demand Bonds by effectively converting interest payments from variable rates to a fixed rate. The swap agreement is not designated as a derivative at December 31, 2008 and is recorded at fair value as an asset/liability in the statement of financial position with the unrealized gain (loss) reported in the statement of operations above the operating indicator. The expiration of the swap is March 1, 2009 and the effective fixed rate of the swap is 3.94%.

In 2008, the Corporation repaid outstanding balance of the Series 2006C Variable rate demand bonds. In 2007, the Corporation fully repaid the Series 2006D variable rate bonds. The Series 1999A and 2006 bonds are secured by a first mortgage and security interest on property and equipment, certain tangible and intangible property interests, the gross revenues and entrance fees (subject to certain provisions) of the Corporation and by certain funds held by the trustee as defined in the Loan and Trust agreement. The Series 1999A bonds maturing after March 1, 2009 are subject to redemption at the option of the Corporation prior to stated maturity, during certain periods and at certain prices.

Accounts and Records

Advanced Answers on Demand software is used for general ledger, billing, cash receipts, accounts payable, and fixed assets. Forcast software is used to track resident movement, census, amortization of entrance fees, termination income, internal FSO calculation and other projected population flows. The software was obtained from AV Powell and Associates. Ultipro is the payroll and human resources software. This software interfaces with the Kronos time system to obtain hourly swipes. All personnel data is maintained on Ultipro as well as all payroll data. All software is off the shelf and as such the Corporation has maintenance agreements in place where needed. Network Performance, Inc., an information technology contractor, is paid a monthly fee to monitor around the clock the Corporation's servers, switches, and firewall and to apply patches as vendors release them.

Financial Statements

The following statements show the financial position, operations and changes in net deficit as of December 31, 2008, as contained in the Corporation's audited financial statements.

Subsequent Events

The Corporation repaid $600k in outstanding bonds ($300k for 2026 and $300k for 2036), during July 2009, which reduced interest expense by $32k per year and had an immediate gain on re-purchase of $150k.

Summary of Significant Findings

No significant findings were noted.

WAKE ROBIN CORPORATION
AS OF DECEMBER 31, 2008

Statement of Assets
December 31, 2008

Current Assets		
Cash and Cash Equivalents	$	2,025,829
Short-term Investments		2,291,506
Current Portion of Assets Limited as to Use		10,276,695
Resident Accounts Receivable and Other Receivables		383,026
Supplies Inventory		92,009
Prepaid Expenses		237,219
Total Current Assets		15,306,284
Assets Limited as to Use (Note 1)		
Under Priority Deposits and Owner Restrictions		2,310,111
Under Bond Indenture Agreement - Held by Trustee		9,480,083
		11,790,194
Less: Assets Limited as to Use Required for Current Liabilities		(10,276,695)
Total Assets Limited as to Use		1,513,499
Long-term Investments		9,474,362
Derivative Financial Instrument		529,316
Property and Equipment, Net		60,674,995
Deferred Financing Costs, Net (Note 2)		3,373,998
Deferred Marketing Costs, Net		163,282
Total Assets	$	91,035,736

(Note 1) - Assets Limited As To Use - consist of assets set aside by the Board of Directors in accordance with donor restrictions, deposit agreements, and terms of Loan and Trust agreements in connection with the issuance of the bonds. These deposits become available to the Corporation upon satisfaction of certain criteria outlined by each donor stipulation and in each agreement and Residence and Care Contract. They are comprised of US Government, Government Agency, corporate obligations, certificates of deposit, fixed income mutual funds and common stock mutual funds, all stated at fair value, with the exception of an investment contract with an insurance company which is considered an other investment recorded at cost, with underlying investments stated at fair market

(Note 2) - Deferred Financing Costs – relate to the issuance of the 1999 and 2006 Vermont Economic Development Authority Revenue Bonds and are amortized by the straight-line method which approximates the effective interest method over the lives of the related bond issues.

Deferred Financing Costs	$	4,628,129
Less: Accumulated Amortization		1,254,131
Deferred Financing Costs, Net	$	3,373,998

WAKE ROBIN CORPORATION
AS OF DECEMBER 31, 2008

Statement of Liabilities & Net Deficit
December 31, 2008

Current Liabilities		
Current Portion of Long-Term Debt	$	7,352,000
Estimated Liability for Refunds of Entrance Fees		608,000
Accounts Payable		393,191
Accounts Payable - Construction		0
Accrued Expenses		480,441
Accrued Interest		908,990
Priority and Interim Deposits		572,000
Entrance Fee Deposits		410,167
Total Current Liabilities		10,724,789
Long-Term Liabilities		
Long-Term Debt-Bonds, Net of Current Portion		63,909,560
Deferred Revenue - Amortizable Entrance Fees		43,111,181
Annuity Obligations		67,093
Obligation Under Interest Rate Swap Agreement		122,889
Total Long-Term Liabilities		107,210,723
Total Liabilities		117,935,512
Committements and Contingencies		
Net Assets (Deficit)		
Unrestricted		(28,492,287)
Temporarily Restricted		1,494,899
Permanently Restricted		97,612
Total Net Deficit		(26,899,776)
Total Liabilities and Net Deficit	$	91,035,736

WAKE ROBIN CORPORATION
AS OF DECEMBER 31, 2008

Statement of Operations
Year Ended December 31, 2008

Revenue, Gains, and Other Support		
Resident Service Revenue	$	9,375,870
Amortization of Entrance Fees		3,410,576
Termination Fees		453,928
Health Care Revenue		2,609,396
Ancillary and Other Resident Revenue		397,545
Investment Income and Realized Gains		869,562
Net Assets Released from Restrictions Used for Operations		82,248
Total Revenue, Gains, and Other Support		17,199,125
Expenses		
General and Administrative		2,493,600
Dining Services		1,814,139
Resident Services		545,009
Housekeeping		662,611
Linden		3,345,398
Environmental Services		1,230,708
Property Tax and Insurance		1,268,652
Utilities		767,108
Depreciation and Amortization		2,971,346
Interest		4,182,433
Total Expenses		19,281,004
Loss From Operations		(2,081,879)
Non Operating Income (Losses)		
Change in Fair Value of Derivative Instrument		306,844
Unrealized Gain on Interest Rate Swap Agreement		100,587
Loss on Extinguishment of Debt		(212,903)
Total Non Operating Income		194,528
Excess of Expenses over Revenue		(1,887,351)
Other Changes in Unrestricted Net Assets (Deficit)		
Unrealized Loss on Investments		(45,786)
Net Assets Restriction Releases for Purchases of Equipment		7,900
Increase in Unrestricted Net Assets (Deficit)	$	(1,925,237)

WAKE ROBIN CORPORATION
AS OF DECEMBER 31, 2008

Statement of Changes in Net Deficit
Year Ended December 31, 2008

Loss From Operations	$	(2,081,879)
Non Operating Income (Losses)		
Change in Fair Value of Derivative Instrument		306,844
Unrealized Gain on Interest Rate Swap Agreement		100,587
Loss on Extinguishment of Debt		(212,903)
Total Non Operating Income		194,528
Excess of Expenses Over Revenue		(1,887,351)
Other Changes in Unrestricted Net Assets (Note 1)		
Unrealized Loss on Investments		(45,786)
Net Assets Released from Restrictions Used for Purchases of Equipment		7,900
Increase in Unrestricted Net Deficit		(1,925,237)
Temporarily Restricted Net Assets (Note 1)		
Contributions		443,158
Net Assets Released from Restrictions Used for Operations		(82,248)
Net Assets Released from Restrictions Used for Purchases of Equipment		(7,900)
Investment Income		52,378
Realized Gains		248
Unrealized Loss on Investments		(340,922)
Decrease in Temporarily Restricted Net Assets		64,714
Permanently Restricted Net Assets (Note 1)		
Unrealized Loss on Investments		(25,920)
Decrease in Permanently Restricted Net Assets		(25,920)
Increase in Net Deficit		(1,886,443)
Net Deficit - Beginning of Year		(25,013,333)
Net Deficit - End of Year	$	(26,899,776)

(Note 1) - Net assets and changes therein are classified in three categories and reported as follows:
Unrestricted – Those resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues that the Board has set aside for a particular purpose.
Temporarily Restricted – Those resources subject to donor imposed restrictions that will be satisfied by actions of the Corporation or passage of time. The principal amount of temporarily restricted contributions and the related earnings can be spent for donor restricted purposes.
Permanently Restricted – Those resources subject to a donor imposed restriction that be maintained permanently by the Corporation. The principal amount of permanently restricted contributions cannot be spent by the Corporation.

WAKE ROBIN CORPORATION
AS OF DECEMBER 31, 2008

Examiner's Signature and Acknowledgement

The insurance examination practices and procedures as promulgated by the National Association of Insurance Commissioners have been referred to in ascertaining the financial condition of Wake Robin Corporation as of December 31, 2008, with due regard to the Insurance Laws of the State of Vermont. In addition to the undersigned, Dan Petterson, Administrative Insurance Examiner and Kaj Samsom, Examiner in Charge, participated in the examination on behalf of the Vermont Department of Banking, Insurance, Securities and Health Care Administration.

As a result of this examination, the financial condition of the Company, as of December 31, 2008 was determined to be as follows:

Assets	$	91,035,736
Liabilities		117,935,512
Net Deficit		(26,899,776)
Total Liabilities and Net Deficit	$	91,035,736

Respectfully submitted,

Kenneth L. McGuckin

Kenneth L McGuckin, CFE
Director of Company Licensing and Examinations
Vermont Department of Banking, Insurance, Securities
and Health Care Administration

STATE OF VERMONT
COUNTY OF WASHINGTON

Kenneth L McGuckin, CFE being duly sworn, deposes and says that the foregoing report submitted by him is true to the best of his knowledge and belief.

Subscribed and sworn to before me
this 15 day of September, 2009

Frederick M. Barrett
Notary Public

My Commission expires February 10, 2011 (date)