



Virginia Birth-Related Neurological Injury Compensation Fund

Market Review & Plan Performance Analysis

**Period Ending
December 31, 2010**



Institutional Advisory Services

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Summary

Market & Economic Overview

Global equity markets were extremely volatile during the fourth quarter but ended with a surge in December as positive economic growth prospects outweighed concerns about rising interest rates and mounting sovereign debt.

Within the U.S. equity markets, results were strong across the board. Growth eclipsed value across the capitalization range while small caps outpaced larger capitalization companies. Within the S&P 500 GICS sectors, Energy and Materials stocks performed best while Utilities and Healthcare posted significantly smaller gains.

Foreign developed and emerging equity markets also rose but lagged US returns, in spite of the slightly weaker U.S. dollar which added about 1% to market returns measured in local currencies. Japan and Canada posted the strongest performance within the developed world while Greece recaptured the bottom rung from Ireland, as both countries continued to struggle under the weight of their debt woes.

As a result of the global spike in interest rates, fixed income returns for the quarter were negative with the exception of high yield bonds which benefitted from their equity market correlation. Emerging markets bonds could not overcome the rising rate environment and posted their first quarterly loss since 2008.

Except for short-biased strategies, most hedge fund sectors posted gains in the 4th quarter led by long equity and commodities-oriented strategies. Preliminary estimates were positive for private equity which was aided by strong public markets.

On the economic front, unemployment decreased slightly from 9.6% in September to 9.4% in December while GDP grew at a 3.2% annual rate in the 4th quarter. Inflation grew 0.5% in December with gasoline prices accounting for 80% of the growth. The CPI-All Urban grew at 1.5% for all of 2010.

Periods Ending 12-31-2010	4 th Quarter	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500	10.8%	15.1%	15.1%	(2.9%)	2.3%	1.4%
Russell 1000 Growth	11.8%	16.7%	16.7%	(0.5%)	3.8%	0.0%
Russell 1000 Value	10.5%	15.5%	15.5%	(4.4%)	1.3%	3.3%
Russell 2000	16.3%	26.9%	26.9%	2.2%	4.5%	6.3%
MSCI EAFE	6.6%	7.8%	7.8%	(7.0%)	2.5%	3.5%
MSCI Emerging Markets	7.1%	16.4%	16.4%	(2.6%)	10.3%	13.2%
DJ-UBS Commodities	15.8%	16.8%	16.8%	(3.7%)	1.2%	5.8%
NAREIT Composite	7.7%	27.6%	27.6%	0.4%	2.2%	10.2%
Barclays Aggregate	(1.3%)	6.5%	6.5%	5.9%	5.8%	5.8%
ML High Yield Master II	3.1%	15.2%	15.2%	10.1%	8.8%	8.6%
JPM Emerging Debt	(2.3%)	11.8%	11.8%	8.4%	8.4%	10.6%
HFRI FoF Composite	3.4%	5.5%	5.5%	(2.6)%	2.4%	4.1%

Quarterly Performance Summary

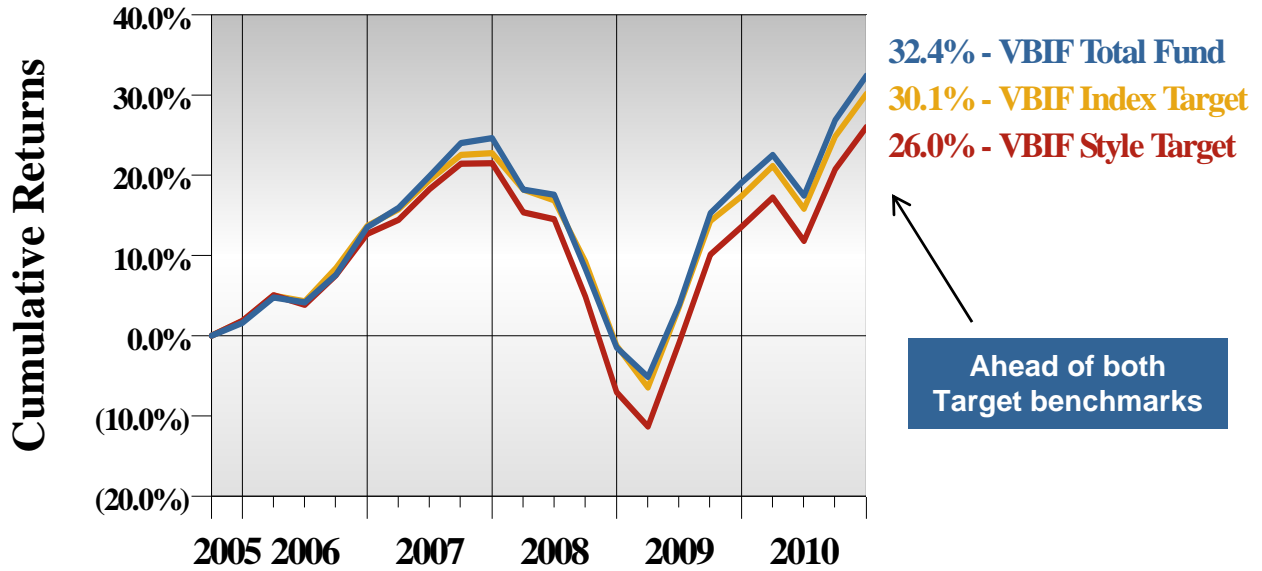
Periods	4 th Quarter	1 Year	2 Years	3 Years	5 Years	5 1/4 Years
VBIF Gross	4.4%	11.2%	15.9%	2.0%	5.4%	5.5%
VBIF Net	4.3%	11.0%	15.7%	1.8%	5.2%	5.3%
Index Target	4.3%	10.9%	14.8%	2.0%	5.0%	5.1%

Overview

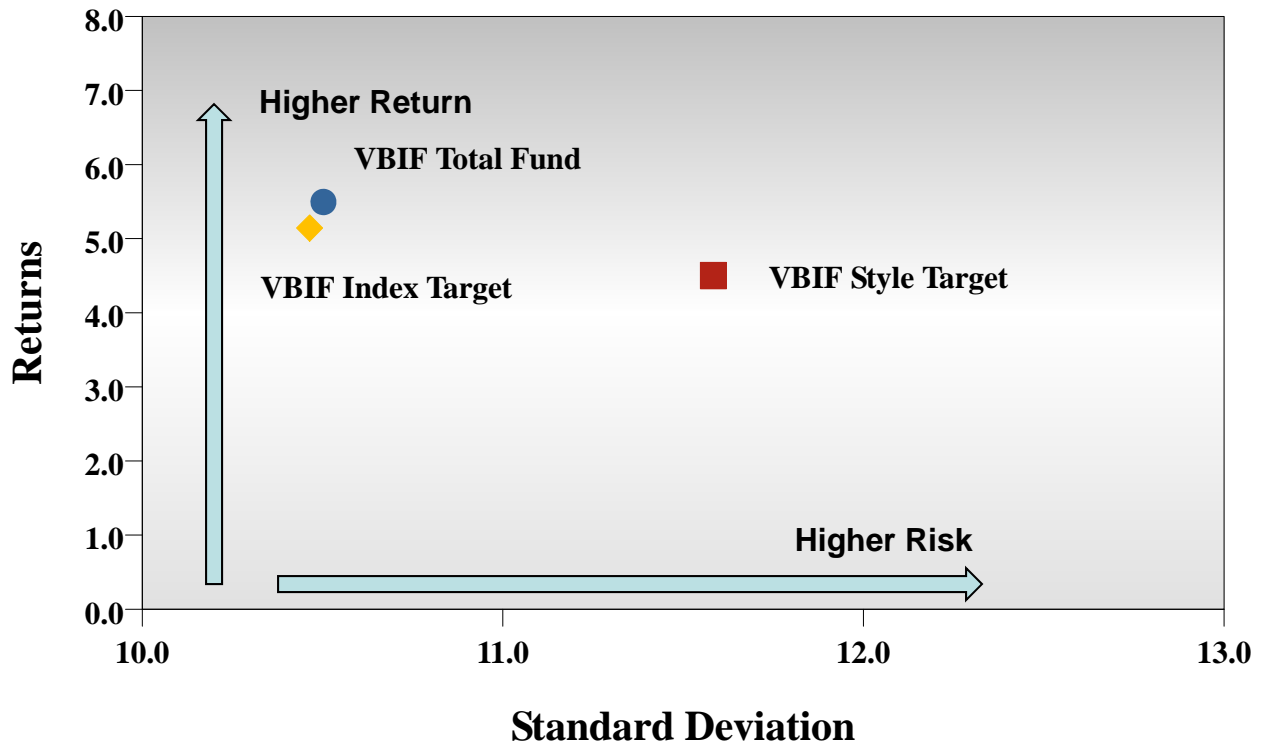
- ◆ A strong stock market, weak dollar and brighter economic outlook helped offset rising interest rates and led the VBIF portfolio to a gain of 4.4% for the 4th quarter and 11.2% for the full year.
- ◆ The Fund continues to match or exceed both custom benchmarks on an annualized, cumulative and risk-adjusted basis for the full period measured (see charts on page 4).
- ◆ For the quarter, 14 of 19 managers matched or exceeded their respective market benchmarks. For the full year of 2010, 17 of 19 matched or exceeded the indices while 14 of 19 outperformed the median of their respective peer group.
- ◆ Regarding managers on the Watchlist, TAMRO's small cap strategy continues to outpace the benchmarks, ranks in the top quartile of their peer group over the last three years and is now removed from the Watchlist. Rainier's large cap growth account has rebounded as well and ranks near the top third of their peer group over the last year but is still being maintained on Watchlist status.
- ◆ The international managers had positive but mixed relative results for the quarter. However, 4 of 5 beat their index and peer group median for the year, with Eaton Vance ranking in the top 1% of the emerging markets manager database.
- ◆ Bond managers were the biggest drag on performance as interest rates rose around the world, pushing results into slightly negative territory. Western Asset Management & PIMCO continued to lead in the bond segment of the portfolio with a 2010 gain of 12.2% and 8.8%, respectively while ranking at or near the top decile of their peer group. Loomis Sayles Global Bond Fund posted a gain of 8% for 2010, ranking in the top quartile of their peer group.
- ◆ The Asset Allocation Policy was amended during the quarter and new managers/funds employing hedge fund strategies in a mutual fund structure were added in early November.
- ◆ The VBIF Fund continues to be in compliance with all guidelines and policies.

Quarterly Performance Summary

Cumulative Return: Actual vs Targets



Scatter Chart for 5 1/4 Years Ended December 31, 2010



Items of Interest

The following actions involving managers or significant cash flows occurred during the quarter:

◆ Atlantic Asset Management (Fixed Income manager) announced termination of the pending merger agreement with the Michael Kenwood Group, LLC.

◆ To implement the new asset allocation policy approved by the Board allowing investments in alternatives investments such as hedge fund strategies, the following transactions took place in early November:

- Transfer \$2,300,000 from Great Lakes #7913237
- Transfer \$1,550,000 from Eagle #7916121
- Transfer \$1,350,000 from TAMRO #7916104
- Transfer \$4,000,000 from Atlantic #7616743
- Transfer \$1,000,000 from Richmond Capital Management #7916744
- Sell \$2,000,000 of the Janus INTECH Fund
- Sell \$8,100,000 of the Vanguard Large Cap Index Fund (VLISX, 922908561)
- Sell \$3,200,000 of the Vanguard Value Index ETF (VTV, 922908744)
- Sell \$2,950,000 of the Artisan International Fund (ARTIX, 04314H204)
- Sell \$4,200,000 of the Harbor International Fund (HAINX, 411511306)
- Sell \$11,450,000 of the Vanguard Total Bond Index Fund (VBTIX, 921937504)
- Purchase \$10,000,000 Absolute Strategies Fund (ASFIX, 34984T600)
- Purchase \$10,000,000 Absolute Opportunities Fund (AOFOX, 34984T642)
- Purchase \$9,000,000 Ivy Asset Strategy Fund (IVAEX, 466001864)
- Purchase \$12,000,000 PIMCO All Asset All Authority Fund (PAUIX, 72200Q182)
- Purchase \$9,000,000 TFS Market Neutral Fund (TFSMX, 872407101)

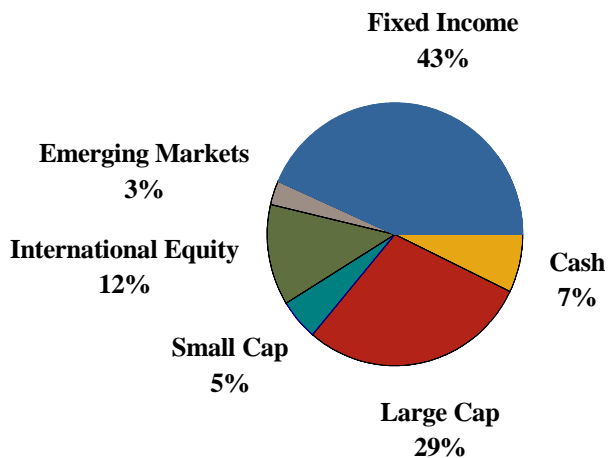
◆ \$19 million was deposited into the investment fund in December and was distributed to various managers to maintain compliance with the allocation policy.

Allocation and Market Value Comparison

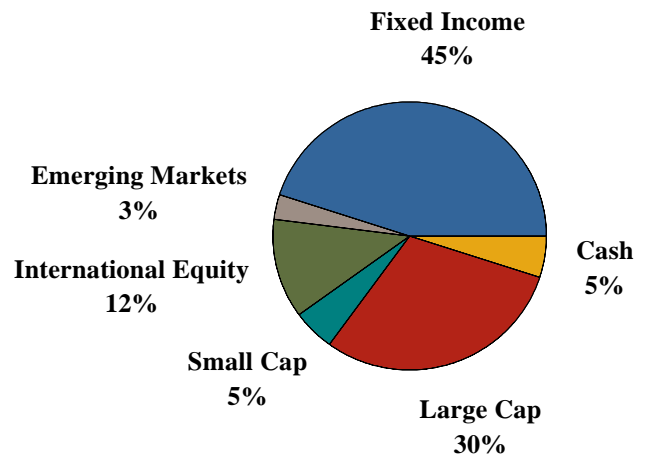
Asset Distribution Across Investment Managers

	12/31/2010		Net Investment	9/30/2010	
	Market Value	Percent		Market Value	Percent
Domestic Equity	\$ 86,321,603	31.5%		\$ 83,184,512	34.0%
Large Cap					
Rainier Investment Management, Inc. Large Cap Growth	\$ 17,454,661	6.4%	\$ 2,000,000	\$ 13,822,900	5.7%
Janus INTECH RM Large Cap Growth Fund	\$ 12,110,078	4.4%	\$ (1,000,000)	\$ 11,997,802	4.9%
Vanguard Large Cap Index Fund - Instl	\$ 17,275,366	6.3%	\$ (8,100,000)	\$ 23,065,770	9.4%
Great Lakes Advisors Large Cap Value	\$ 10,937,822	4.0%	\$ 700,000	\$ 9,548,987	3.9%
Robeco Large Cap Value	\$ 8,644,921	3.2%	\$ 1,000,000	\$ 6,929,719	2.8%
Vanguard Large Cap Value Index Fund	\$ 5,713,723	2.1%	\$ (200,000)	\$ 5,515,226	2.3%
SMID					
Eagle Asset Management	\$ 7,100,645	2.6%	\$ (50,000)	\$ 6,242,227	2.6%
Small Cap					
TAMRO Capital Partners LLC	\$ 7,084,389	2.6%	\$ 150,000	\$ 6,061,881	2.5%
International Equity	\$ 34,518,394	12.6%		\$ 37,708,777	15.4%
Developed Markets					
Harbor International Fund	\$ 14,043,385	5.1%	\$ (3,200,000)	\$ 15,845,291	6.5%
Artisan International Fund	\$ 12,729,936	4.6%	\$ (2,950,000)	\$ 14,649,154	6.0%
Emerging Markets					
Acadian Emerging Markets Equity Fund	\$ 2,689,930	1.0%		\$ 2,495,415	1.0%
Eaton Vance TM Emerging Markets Fund	\$ 2,613,093	1.0%		\$ 2,441,585	1.0%
SSgA Emerging Markets Fund	\$ 2,442,051	0.9%		\$ 2,277,333	0.9%
Fixed Income	\$ 88,760,961	32.4%		\$ 106,041,522	43.4%
Western Asset Core Plus Bond Fund	\$ 20,920,554	7.6%		\$ 21,016,639	8.6%
Richmond Capital Management	\$ 19,389,417	7.1%	\$ (1,000,000)	\$ 20,654,260	8.4%
Vanguard Total Bond Index Fund- Instl	\$ 16,743,855	6.1%	\$ (11,450,000)	\$ 28,316,357	11.6%
Atlantic Asset Management	\$ 15,727,218	5.7%	\$ (4,000,000)	\$ 19,936,525	8.2%
PIMCO Total Return Fund Inst	\$ 11,289,595	4.1%		\$ 11,394,552	4.7%
Loomis Sayles Global Bond Fund	\$ 4,690,322	1.7%		\$ 4,723,189	1.9%
Alternative Investments	\$ 50,867,536	18.6%		\$ 0	0.0%
Alternative Module	\$ 50,867,536	18.6%	\$ 51,000,000	\$ 0	0.0%
Cash Equivalents	\$ 13,686,999	5.0%	\$ (3,900,000)	\$ 17,564,580	7.2%
Total Fund	\$ 274,155,493	100.0%	\$ 19,000,000	\$ 244,499,391	100.0%

Actual Allocation



Target Allocation



Investment Manager Returns

The table below details the rates of return for the Fund's investment managers and mutual funds over various time periods. Returns for periods greater than one year are annualized.

Returns for Periods Ended December 31, 2010

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5.1/4 Years
Domestic Equity						
INTECH Large Cap Growth	10.4%	17.5%	22.4%	(0.2%)	--	--
S&P:500 Growth	11.0%	15.1%	23.0%	(0.5%)	3.6%	3.8%
Rainier Large Cap Growth	12.1%	17.8%	25.4%	(3.7%)	--	--
Russell:1000 Growth	11.8%	16.7%	26.5%	(0.5%)	3.8%	4.2%
Vanguard Large Cap Index	11.1%	15.8%	21.7%	(2.3%)	2.8%	3.1%
MSCI:US Prime Mkt 750	11.2%	15.9%	21.7%	(2.3%)	2.8%	3.1%
Robeco/Boston Partners	10.5%	13.4%	--	--	--	--
Great Lakes Large Value	8.2%	17.4%	20.5%	(1.5%)	--	--
Russell:1000 Value	10.5%	15.5%	17.6%	(4.4%)	1.3%	1.5%
Vanguard Large Cap Value ETF	10.2%	14.5%	--	--	--	--
MSCI:US Prime Mkt Val	10.2%	14.5%	17.0%	(4.3%)	1.5%	1.7%
Eagle Asset Management	16.6%	27.5%	24.5%	1.9%	--	--
Russell:2500 Index	14.9%	26.7%	30.5%	2.5%	4.9%	5.0%
TAMRO Capital Partners	16.5%	32.0%	32.7%	6.0%	--	--
MSCI:US Small Cap 1750	15.6%	27.8%	31.9%	3.6%	5.4%	5.4%
International Equity						
Artisan International	6.4%	5.9%	21.7%	(7.7%)	--	--
Harbor International	8.4%	12.0%	24.6%	(3.8%)	--	--
MSCI:EAFE US\$	6.6%	7.8%	19.2%	(7.0%)	2.5%	3.1%
Acadian Emerging Markets Fund	7.8%	22.6%	--	--	--	--
Eaton Vance TM EM Fund	7.0%	23.3%	--	--	--	--
SSGA Emerging Markets	7.2%	19.6%	42.7%	(3.8%)	--	--
MSCI:Emer Mkts -Net	7.3%	18.9%	45.7%	(0.3%)	12.8%	13.6%
Domestic Fixed Income						
Atlantic Asset Management	(1.1%)	6.5%	7.1%	4.8%	--	--
Richmond Capital Mgmt	(1.3%)	7.6%	8.2%	6.4%	--	--
Vanguard Total Bond	(1.3%)	6.6%	6.3%	5.9%	5.9%	5.7%
Western Asset Core Plus	0.0%	12.2%	18.9%	8.4%	--	--
PIMCO Total Return Fund	(0.9%)	8.8%	--	--	--	--
BC:Aggr Bd	(1.3%)	6.5%	6.2%	5.9%	5.8%	5.6%
Loomis Sayles Global Bond Fund	(0.7%)	8.0%	--	--	--	--
BC:Gbl Aggr Idx	(1.3%)	5.5%	6.2%	5.8%	6.7%	6.1%
VBIF Total Fund	4.4%	11.2%	15.9%	2.0%	5.4%	5.5%
VBIF Total Fund (net)	4.3%	11.0%	15.7%	1.8%	5.2%	5.3%
VBIF Style Target	4.4%	10.9%	16.4%	1.2%	4.4%	4.5%
VBIF Index Target	4.3%	10.9%	14.8%	2.0%	5.0%	5.1%

Style Target = 23% CAI: Lg Cap Broad Style; 4% CAI: Sm Cap Broad Style; 10% CAI: Intl Core Equity Style; 3% CAI: Emerging Markets Style; 35% CAI: Core Bond Style; 20% CAI HFoF; 5% CAI: Cash Management

Index Target = 23% MSCI U.S. Prime Market 750; 4% Russell 2000; 10% MSCI EAFE; 3% MSCI Emerging Markets; 35% BC Aggregate; 20% HFRI-FoF; 5% 90-day T-Bill

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers and mutual funds over calendar year time periods.

	Returns for Calendar Years				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Domestic Equity</u>					
INTECH Large Cap Growth	17.5	27.6	(33.8)	8.3	--
S&P:500 Growth	15.1	31.6	(34.9)	9.1	11.0
Rainier Large Cap Growth	17.8	33.5	(43.2)	22.1	--
Russell:1000 Growth	16.7	37.2	(38.4)	11.8	9.1
Vanguard Large Cap Index	15.8	27.8	(37.0)	6.4	15.6
MSCI:US Prime Mkt 750	15.9	27.8	(37.1)	6.4	15.7
Robeco/Boston Partners	13.4	--	--	--	--
Great Lakes Large Value	17.4	23.7	(34.2)	7.3	--
Russell:1000 Value	15.5	19.7	(36.8)	(0.2)	22.2
Vanguard Large Cap Value ETF	14.5	--	--	--	--
MSCI:US Prime Mkt Val	14.5	19.5	(36.0)	0.2	22.4
Eagle Asset Management	27.5	21.6	(31.7)	17.0	--
TAMRO Capital Partners	32.0	33.4	(32.3)	1.0	--
MSCI:US Small Cap 1750	27.8	36.2	(36.2)	1.2	15.8
Russell:2500 Index	26.7	34.4	(36.8)	1.4	16.2
<u>International Equity</u>					
Artisan International	5.9	39.8	(46.9)	19.7	--
Harbor International	12.0	38.6	(42.6)	21.8	--
MSCI:EAFE US\$	7.8	31.8	(43.4)	11.2	26.3
Acadian Emerging Markets Fund	22.6	--	--	--	--
Eaton Vance TM EM Fund	23.3	--	--	--	--
SSgA Emerging Markets	19.6	70.2	(56.3)	41.0	--
MSCI:Emer Mkts -Net	18.9	78.5	(53.3)	39.4	32.2
<u>Domestic Fixed Income</u>					
Atlantic Asset Management	6.5	7.7	0.3	6.3	--
Richmond Capital Mgmt	7.6	8.8	2.8	6.6	--
Western Asset Core Plus	12.2	25.9	(9.9)	2.6	--
Vanguard Total Bond	6.6	6.1	5.2	7.1	4.4
PIMCO Total Return Fund	8.8	--	--	--	--
BC:Aggr Bd	6.5	5.9	5.2	7.0	4.3
Loomis Sayles Global Bond Fund	8.0	--	--	--	--
BC:Gbl Aggr Idx	5.5	6.9	4.8	9.5	6.6
VBIF Total Fund	11.2	20.9	(20.9)	9.8	11.7
VBIF Total Fund (net)	11.0	20.6	(21.2)	9.4	11.7
VBIF Style Target	10.9	22.2	(23.5)	7.8	10.6
VBIF Index Target	10.9	18.8	(19.5)	8.0	11.7

Style Target = 23% CAI: Lg Cap Broad Style; 4% CAI: Sm Cap Broad Style; 10% CAI: Intl Core Equity Style; 3% CAI: Emerging Markets Style; 35% CAI: Core Bond Style; 20% CAI HFoF; 5% CAI: Cash Management

Index Target = 23% MSCI U.S. Prime Market 750; 4% Russell 2000; 10% MSCI EAFE; 3% MSCI Emerging Markets; 35% BC Aggregate; 20% HFRI-FoF; 5% 90-day T-Bill

Market & Economic Outlook

A number of economic, political and psychological factors influence emerging trends in the domestic stock and bond markets. The following chart summarizes our reading of the primary factors that are presently driving expectations for the next six to twelve months.

INFLUENCING FACTOR	PRESENT CONDITION	IMPACT ON BONDS	IMPACT ON STOCKS
Economic Fundamentals			
Inflation/Trend	Low/Declining	Positive	Positive
Fed Policy/Liquidity Indicators	Expansionary/Positive	Positive	Positive
Fiscal Environment	Stimulative	Neutral	Positive
Consumer Spending Trend	Improving	Positive	Positive
Capital Spending Trend	Increasing	Neutral	Positive
GDP Growth Forecast	3% to 4%	Positive	Positive
Current Dollar Trend	Declining	Neutral	Neutral
Interest Rate Conditions			
Short-Term Rates	Extremely Low	Positive	Positive
Long-Term Rates/Trend	Low/Stabilizing	Positive	Positive
Yield Curve	Steep	Negative	Neutral
Relative Credit Spreads	Tightening	Positive	Positive
Stock Market Fundamentals			
Earnings Growth	Increasing	Neutral	Positive
Earnings Expectations	Improving	Neutral	Positive
Valuation Level	Fair	Neutral	Neutral
Current Issues			
Consumer Confidence	Improving	Neutral	Positive
Unemployment Trend	Stabilizing	Positive	Positive

Summary Observations - **Bold** denotes a change from the preceding Markets Outlook Summary

- As evidenced by our factor readings, the economic cycle appears to have moved decisively from **recovery to expansion**. The affects of the improving economy on the financial markets are expected to be positive, especially for equities.
- Some analysts continue to question the durability of the expansion, sighting the remaining headwinds from consumer deleveraging, ongoing housing woes and high unemployment as lingering concerns.
- We believe investors should instead focus on the intermediate term benefits of expanding liquidity by central banks and the absence of signs of accelerating inflation. Those overriding factors create a positive market environment that should work to increase the demand for “risk assets” like global equities and commodities over the first half of the year and perhaps longer.
- The outlook for bonds is less optimistic, as investor fund flows out of bonds and bond funds is likely to continue. Certainly increasing interest rate and credit risks need to be factored into investor decision making.

Important Disclosure

Past performance may not be indicative of future results. Any specific account performance information contained herein reflects the reinvestment of dividends, and is net of applicable transaction fees. Account information has been compiled solely by Capital Advisory Group, has not been independently verified, and does not reflect the impact of taxes on non-qualified accounts. In preparing this report, Capital Advisory Group has relied upon information provided by the account custodian. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices. Please Note: the performance calculations do not reflect Capital Advisory Group's investment advisory fee, the deduction of which would decrease indicated account performance.

You should compare the account information in this report to the statement you receive directly from your custodian. Minor variances between the values in this report and your custodial statement may exist because of differences in the trade date/settlement date pricing methodologies used to value the holdings or updates posted by the custodian subsequent to the preparation of this report.



Market Overview

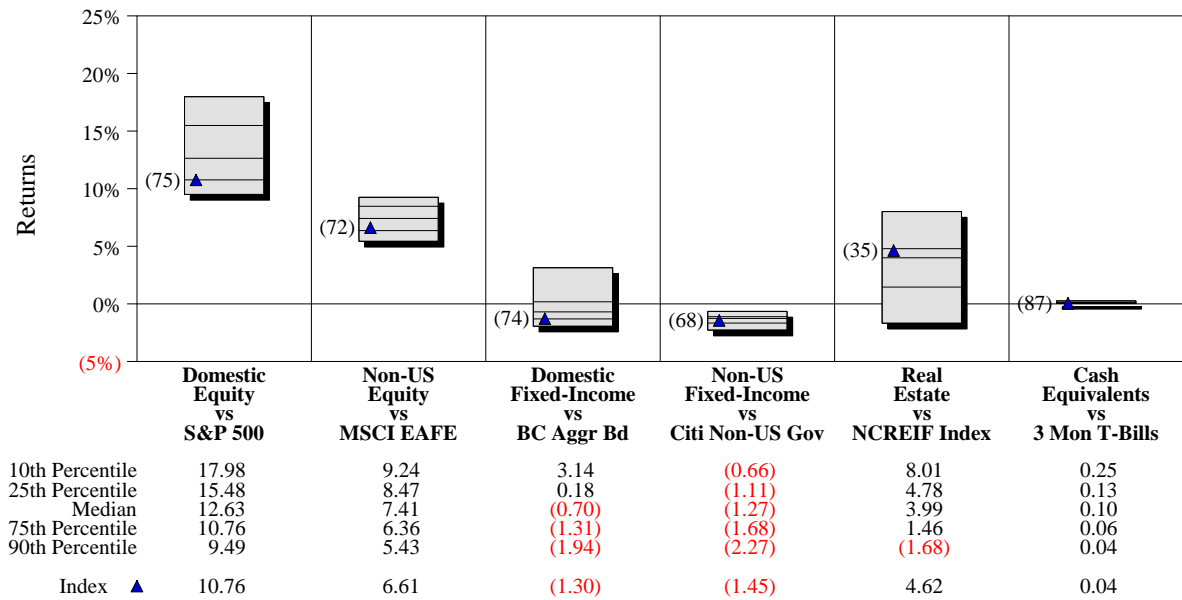
MARKET OVERVIEW

ACTIVE MANAGEMENT VS INDEX RETURNS

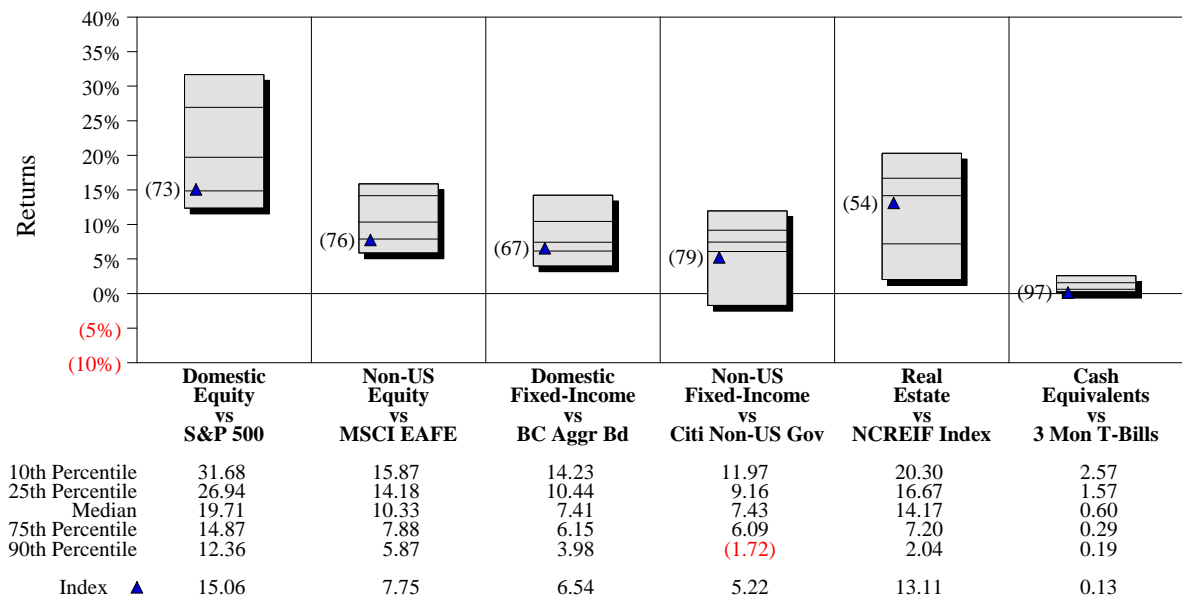
Market Overview

The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also shown for each asset class for comparison purposes. As an example, the first bar in the upper chart illustrates the range of returns for domestic equity managers over the last quarter. The triangle represents the S&P 500 return. The number next to the triangle represents the ranking of the S&P 500 in the domestic equity manager database.

Range of Separate Account Manager Returns by Asset Class One Quarter Ended December 31, 2010



Range of Separate Account Manager Returns by Asset Class One Year Ended December 31, 2010



DOMESTIC EQUITY Active Management Overview

Active vs. the Index

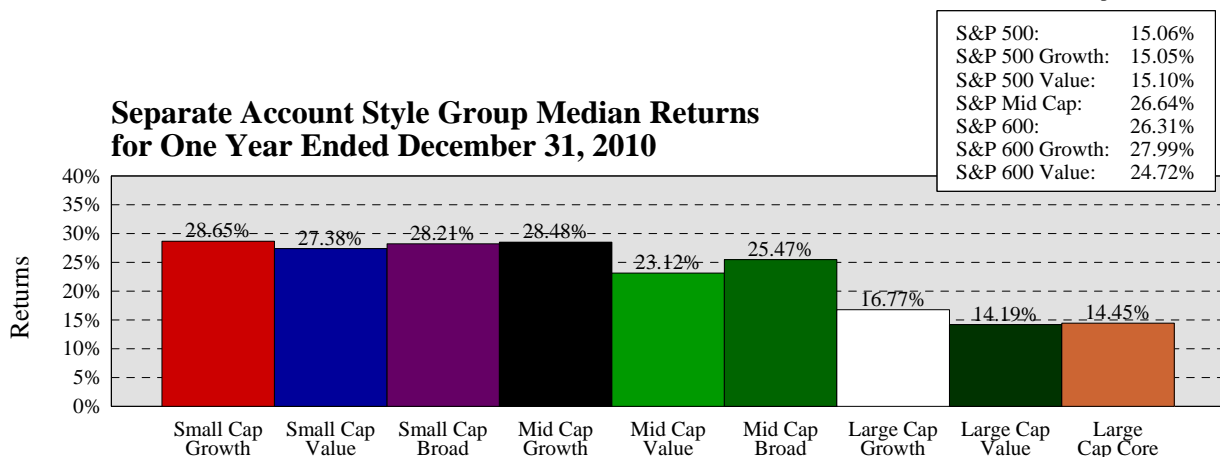
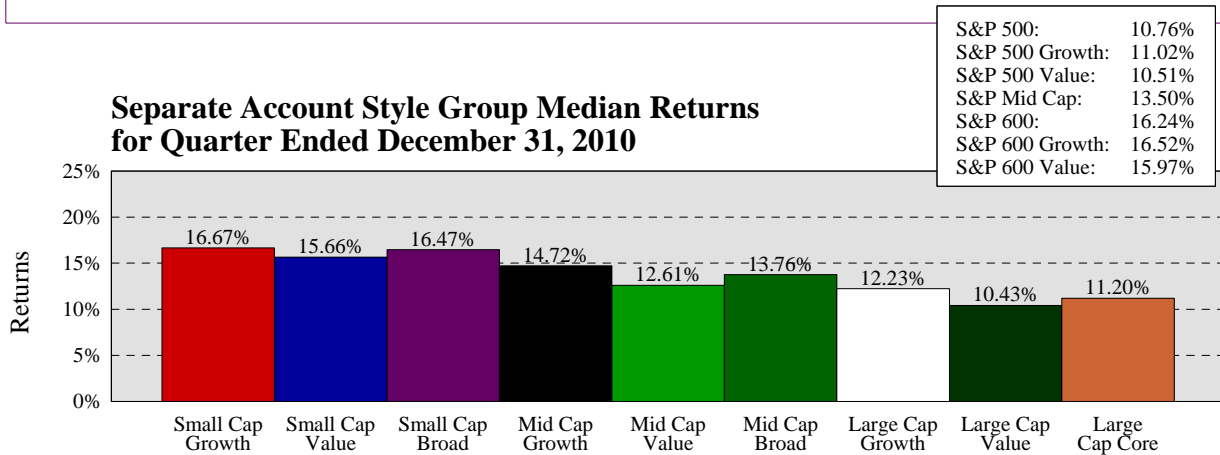
Carrying third quarter momentum and bringing 2010 to a close, the S&P 500, DJIA, and NASDAQ Composite indices continued their trend upward for the quarter ended December 31, 2010. Fueled by the Federal Reserve's second quantitative easing announcement, an extension of the Bush-era tax cuts and optimism over the holiday retail season, domestic equity markets continued to improve and closed out 2010 up over 15% for the year. Investment styles had strong returns across the board, all gaining over 10% for the quarter. The median Large Cap Core manager yielded a 11.20% return, besting the S&P 500 Index's return of 10.76%. The median Mid Cap Broad manager returned 13.76%, tracking the S&P Mid Cap's gain of 13.50%. The median Small Cap Growth manager finished the quarter with the strongest performance (16.67%), edging the S&P 600 Growth Index (16.52%) by 15 basis points. For the year ended December 31, 2010, all styles displayed strong performance with returns close to their respective benchmarks.

Large Cap vs. Small Cap

For the fourth quarter of 2010, Small Cap funds regained leadership in all categories over Large Cap. The median Small Cap Growth manager and the median Small Cap Value manager showcased returns of 16.67% and 15.66%, outperforming their Large Cap Growth (12.23%) and Large Cap Value (10.43%) counterparts. Correspondingly, the S&P 600 returned 16.24%, 548 basis points ahead of the S&P 500 Index's return of 10.76%. For the year ended December 31, 2010, the median Small Cap Growth, Small Cap Value and Small Cap Broad fund returned 28.65%, 27.38%, and 28.21%, respectively, while Large Cap median fund returns lagged. With the exception of the median Large Cap Value and Large Cap Core managers, all other groups bested their benchmarks.

Growth vs. Value

Like the third quarter, Growth funds outperformed Value funds, with the median Small Cap Growth manager posting a 16.67% return, 101 basis points ahead of the 15.66% return of the median Small Cap Value manager. The median Mid Cap Growth manager returned 14.72% compared to the median Mid Cap Value manager's return of 12.61%, while the median Large Cap Growth manager (12.23%) bested the median Large Cap Value manager (10.43%). These results carried through for the twelve months ended December 31, 2010, as Growth outperformed Value across all capitalizations. For the indexes, however, the results were mixed to flat with the S&P 600 Growth Index yielding 27.99%, compared to the S&P 600 Value Index's return of 24.72%, while the S&P 500 Value Index (15.10%) managed to finish 5 basis points ahead of the S&P 500 Growth Index (15.05%).



DOMESTIC FIXED-INCOME Active Management Overview

Active vs. the Index

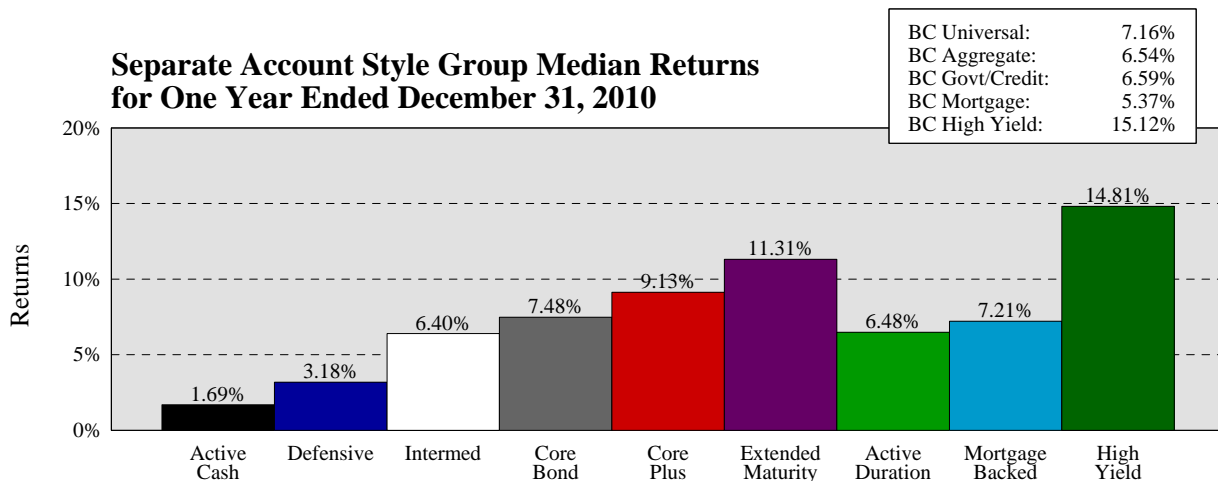
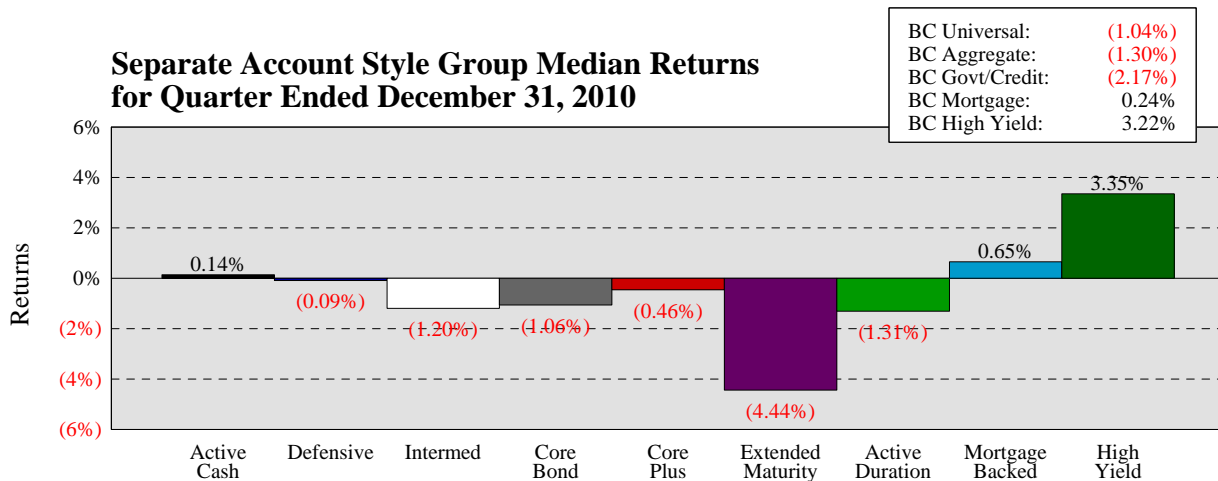
With equity markets steadily rising in the fourth quarter of 2010, domestic fixed-income markets took a hit as investor demand for treasury bonds dropped. The median Core Bond Fund posted a return of -1.06%, yet still managed to beat its index, the Barclays Capital Aggregate (-1.30%), by 24 basis points. The median fund also finished ahead of the index for the year, posting a return of 7.48% for the twelve months ended December 31, 2010, compared to the Barclays Aggregate return of 6.54%.

Short vs. Long Duration

The Extended Maturity bond market was hammered in the fourth quarter of 2010, while Intermediate funds sustained moderate losses. The median Extended Maturity Fund fell 4.44% in the fourth quarter of 2010, 324 basis points behind the median Intermediate Fund which posted a loss of 1.20%. The median Extended Maturity fund still managed to post strong results for the year ended December 31, 2010, with a return of 11.31%, 491 basis points ahead of the median Intermediate Fund's return of 6.40%.

Mortgages and High Yield

Demand for Mortgage-backed bonds was sluggish in the fourth quarter of 2010, as concerns over the job market dragged down sentiment toward real estate markets. The median Mortgage Backed Fund posted a return of 0.65% for the fourth quarter of 2010, slightly outperforming the Barclays Mortgage Index (0.24%) by 41 basis points. For the twelve months ended December 31, 2010, the median Mortgage-Backed Fund again outperformed the Barclays Mortgage Index by generating a return of 7.21%, 184 basis points higher than the 5.37% index return. High Yield funds gave a strong performance in relation to the other fixed-income style groups for the fourth quarter of 2010, with the median fund gaining 3.35%, 13 basis points ahead of the Barclays High Yield benchmark of 3.22%. For the year ended December 31, 2010, the median High Yield Fund produced a return of 14.81%, yet fell short of the Barclays High Yield Index which returned 15.12%.

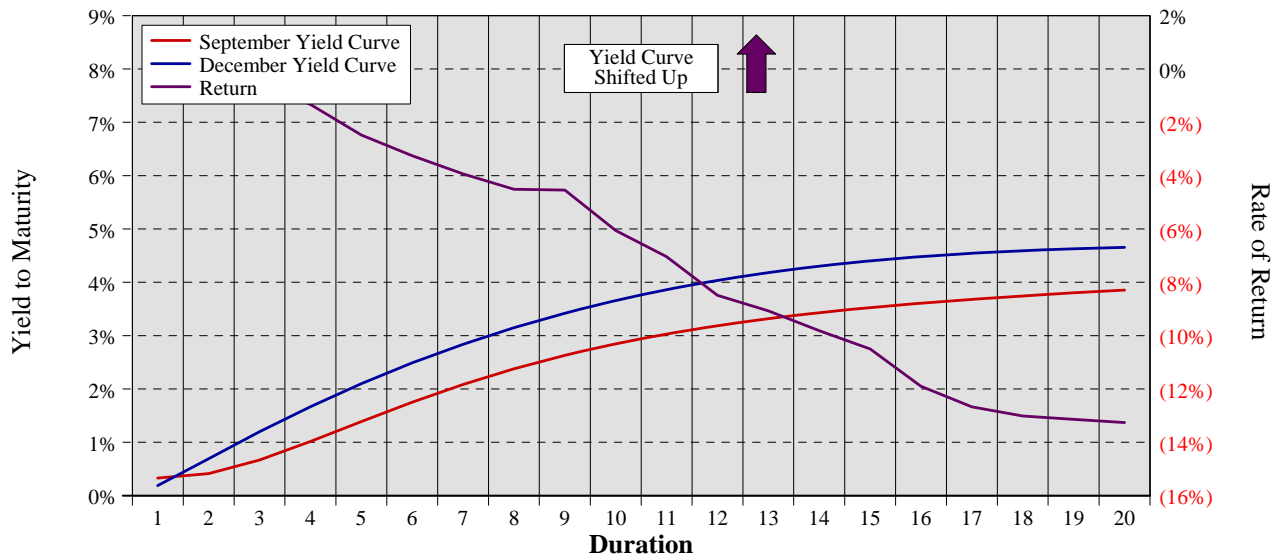


BOND MARKET ENVIRONMENT

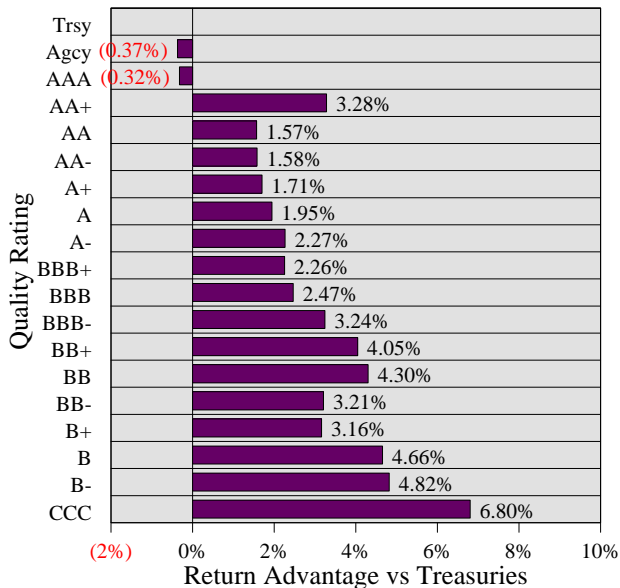
Factors Influencing Bond Returns

The charts below are designed to give you an overview of the factors that influenced bond market returns for the quarter. The first chart shows the shift in the Treasury yield curve and the resulting returns by duration. The second chart shows the average return premium (relative to Treasuries) for bonds with different quality ratings. The final chart shows the average return premium of the different sectors relative to Treasuries. These sector premiums are calculated after differences in quality and term structure have been accounted for across the sectors. They are typically explained by differences in convexity, sector specific supply and demand considerations, or other factors that influence the perceived risk of the sector.

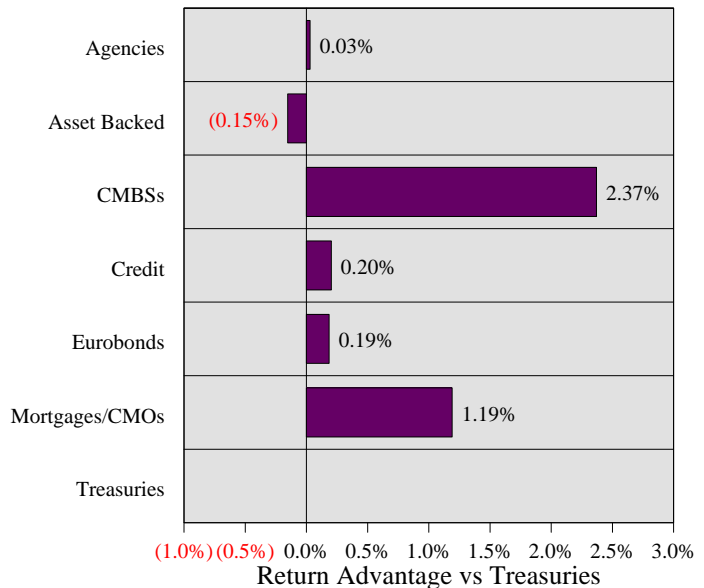
Yield Curve Change and Rate of Return One Quarter Ended December 31, 2010



Duration Adjusted Return Premium to Quality One Quarter Ended December 31, 2010



Quality and Duration Adjusted Return Premium by Sector One Quarter Ended December 31, 2010



INTERNATIONAL EQUITY Active Management Overview

Active vs. the Index

International Equity continued rising during the fourth quarter of 2010. Easing monetary policies globally helped soothe investor fears and stabilize the markets. For the quarter ended December 31, 2010, Japan was the top performer, yielding an impressive 12.92% return. For the one year ended December 31, 2010, Emerging Markets led the pack with an outstanding gain of 19.85%.

Europe

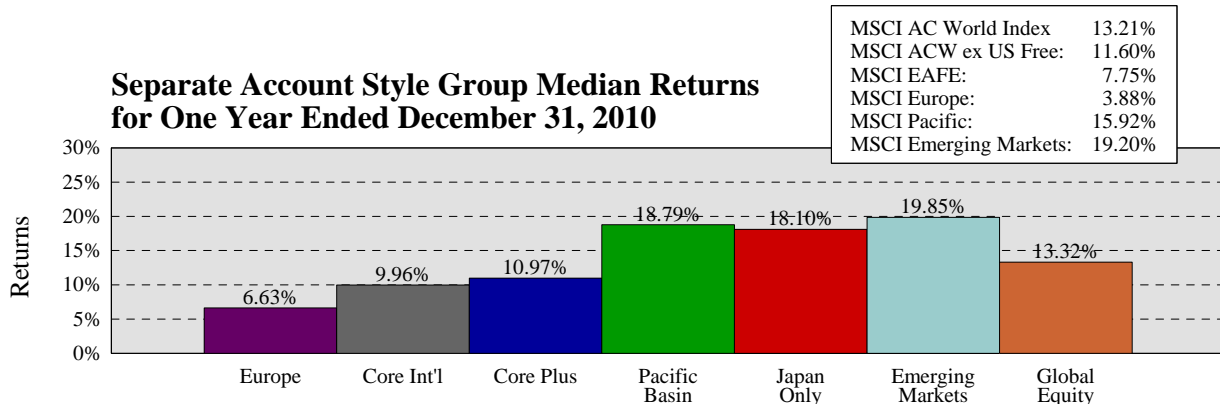
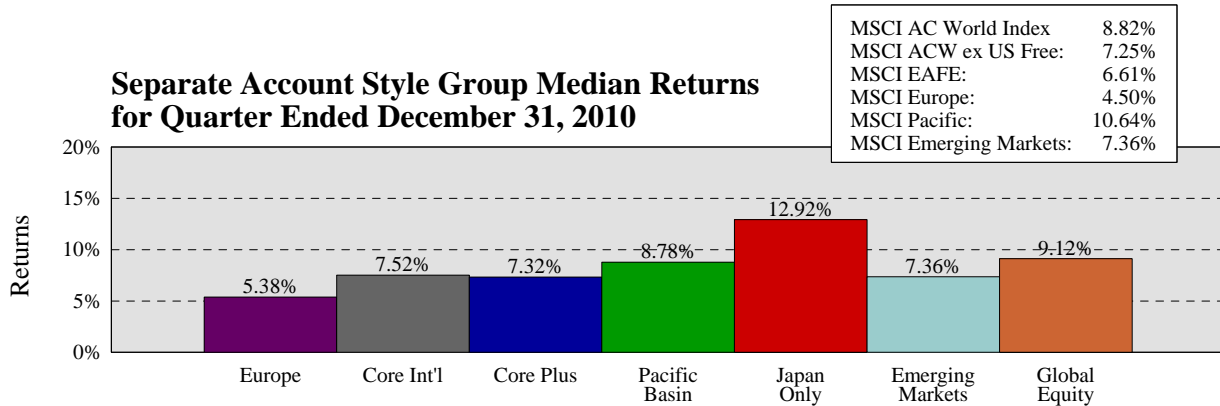
Greek equities replaced Irish equities at the bottom, as both countries continued to struggle with their debt woes. To help pay off its debts, Ireland obtained a 67.5 billion euro bailout in November from the EU, IMF, and other non-euro countries, and in return, Ireland promised deep austerity measures. The UK markets were led to higher prices by mining and energy related stocks, France was led by both energy related and electrical component stocks and Germany benefited from gains in issues of chemical and industrial companies. For the quarter ended December 31, 2010, the median manager gained 5.38%, beating the MSCI Europe index by 88 basis points. For the one year ended December 31, 2010, the median manager bested its index by 2.75%.

Pacific

Japan cut its overnight call rate and announced an asset purchase program in October 2010. Their stock market gained ground due to the good performance of industrial machinery and electrical component manufacturer stocks. In Australia, the market gained ground led by banking shares and mining companies. The Reserve Bank of Australia raised its key discount rate by 25 basis points in the fourth quarter. For the quarter ended December 31, 2010, the median manager returned 8.78%, while the MSCI Pacific index returned 10.64%. For the one year ended December 31, 2010, the median manager bested its index gaining 18.79% versus 15.92% for the MSCI Pacific Index.

Emerging Markets

Emerging Markets had a small advantage over other developed world markets, which however, could not beat U.S. returns. Inflation fears persisted in the key emerging markets. The Chinese resisted calls to allow a free floating yuan and they increased the reserve requirements as well as interest rates. The Shanghai Stock Exchange Composite Index declined by approximately 13% for the year. The Brazil market was flat, while the Indian Sensex moved slightly higher in the fourth quarter. The Russian market advanced, led by energy related stocks. For the quarter ended December 31, 2010, the median manager's return was exactly the same as its index. For the one year ended December 31, 2010, the median manager yielded 19.85%, besting the index which yielded 19.20%.



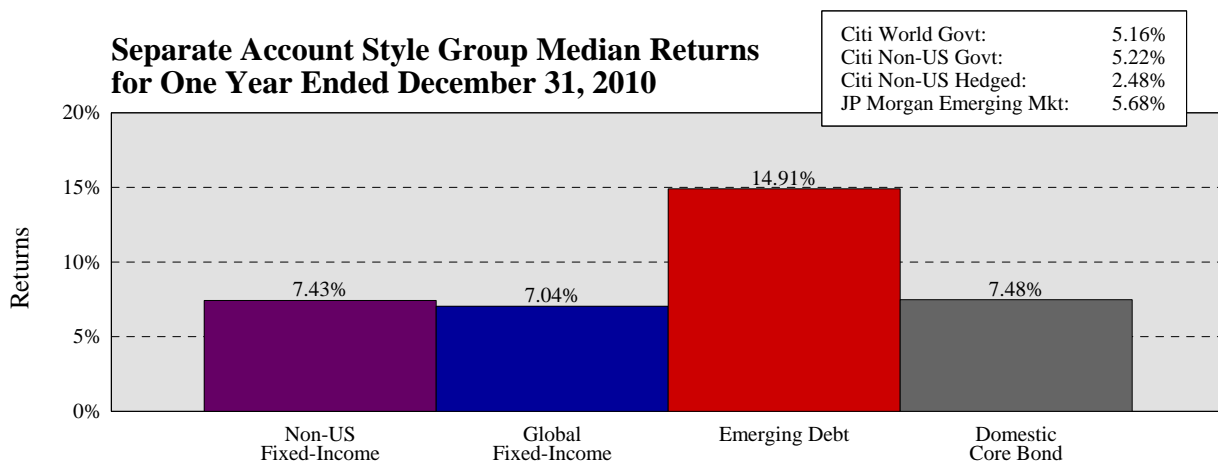
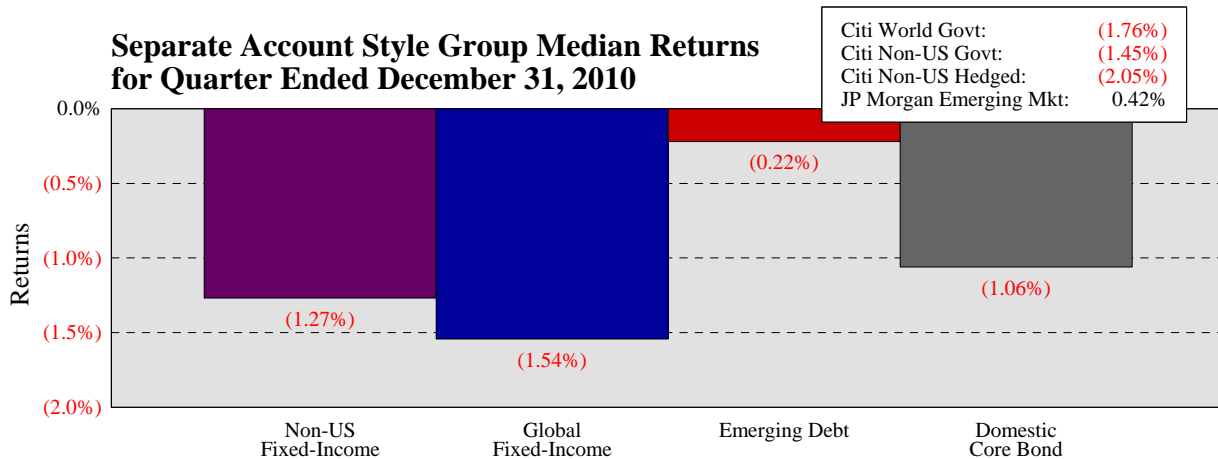
INTERNATIONAL FIXED-INCOME Active Management Overview

Active vs. the Index

The global fixed-income markets lost ground in the final quarter of 2010. The potential for continued issues based on sovereign debt problems in the peripheral countries of Europe was a major contributing factor to the lackluster performance in the international financial markets, causing European bonds to slide to their lowest point since June of 2008. In Japan, growing inflation amid increasing debt concerns accounted for a decrease in the price of bonds and an increase in their yields along with a much anticipated weakening yen. Canada's bond market surpassed the rest of the world in 2010, marking the country's best gains since 2005. Australia's bond market had a strong quarter raising interest rates to 4.75%, up from 4.50%. For the quarter ended December 31, 2010, the median Non-U.S. Fixed-Income manager saw a loss of 1.27%, 18 basis points ahead of its index. The median Global Fixed-Income manager saw a decline of 1.54%, 22 basis points ahead of its index. For the year ended December 31, 2010, the median Non-U.S. Fixed-Income manager outperformed its index by 2.21% and the median Global Fixed-Income manager bested its index by 1.88%.

Emerging Markets

The fiscal policy of the emerging markets saw significant action this quarter, especially when the United States and other members of the G-20 confronted China about its currency valuation methods. Under pressure, the Chinese government loosened its regulation of the yuan, which was allowed to appreciate amid the central bank's battle against inflation caused in part by a booming economy and increasing real estate prices. The Chinese trade surplus shrank to \$63.12 billion this quarter, down from \$65.64 billion in the third quarter, which may help ease tensions between the U.S. and China. South African bonds topped stocks for the first time since the fall of apartheid in 1994. High yields, slowing inflation, and declining interest rates have made these fixed-income tools attractive to investors worldwide. For the quarter ended December 31, 2010, the median Emerging Debt manager fell 0.22%, 0.64% below its index. For the one year ended December 31, 2010, the median Emerging Debt manager produced an impressive 14.91% return, besting its index by 9.23%.

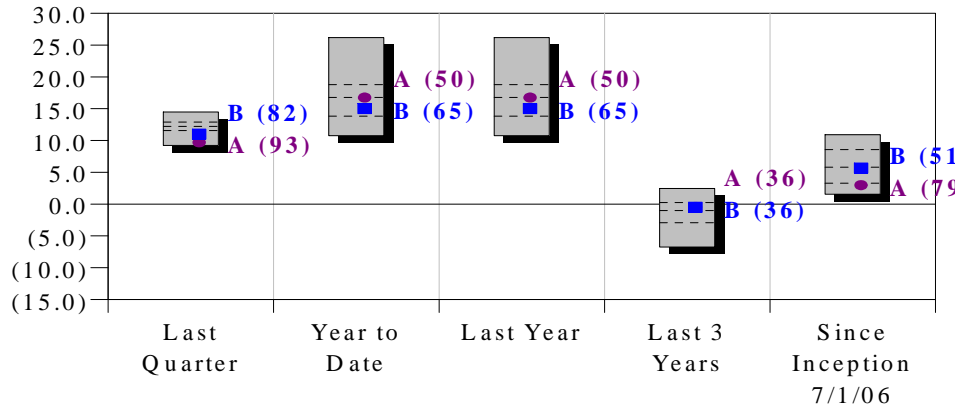




Investment Report

INTECH Large Cap Growth

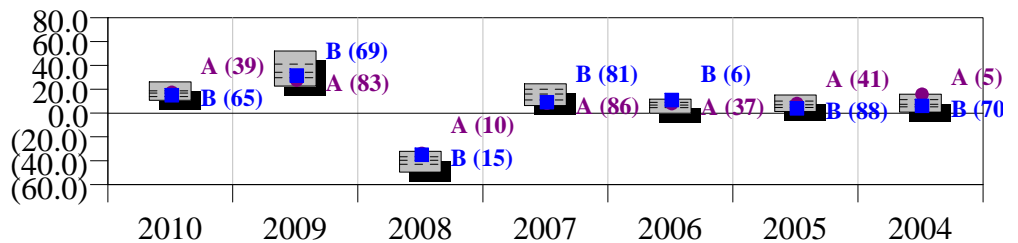
Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI Large Cap Growth Style



10th Percentile	14.1	23.3	23.3	1.3	10.3
25th Percentile	12.9	18.8	18.8	0.3	8.6
Median	12.2	16.8	16.8	(1.0)	5.8
75th Percentile	11.6	13.9	13.9	(2.9)	3.3
90th Percentile	10.1	12.3	12.3	(5.4)	2.0

INTECH Large Cap Growth	● A	9.7	16.8	16.8	(0.4)	3.0
S&P:500 Growth	■ B	11.0	15.1	15.1	(0.5)	5.7

Returns for Calendar Years
Group: CAI Large Cap Growth Style

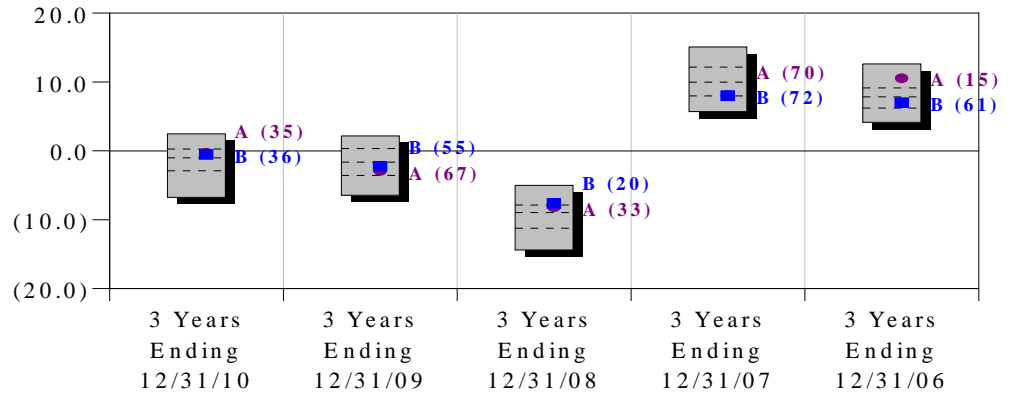


10th Percentile	23.3	47.8	(33.8)	23.6	10.5	13.4	13.8
25th Percentile	18.8	41.1	(36.6)	20.1	9.0	10.2	11.2
Median	16.8	34.4	(39.5)	16.0	6.7	7.1	7.4
75th Percentile	13.9	29.8	(43.0)	11.1	4.7	4.8	5.3
90th Percentile	12.3	25.9	(47.0)	7.5	2.0	3.8	3.3

INTECH:Lg Cap Growth	● A	17.5	27.6	(33.8)	8.4	8.0	8.0	15.8
S&P:500 Growth	■ B	15.1	31.6	(34.9)	9.1	11.0	4.0	6.1

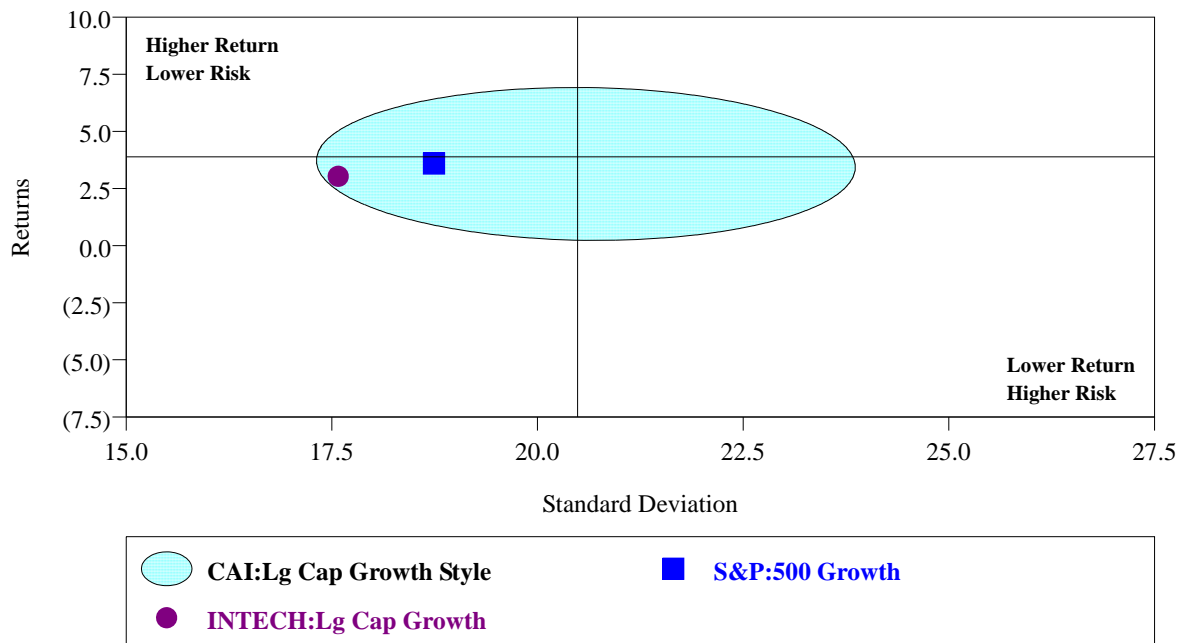
INTECH Large Cap Growth

Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI Large Cap Growth Style



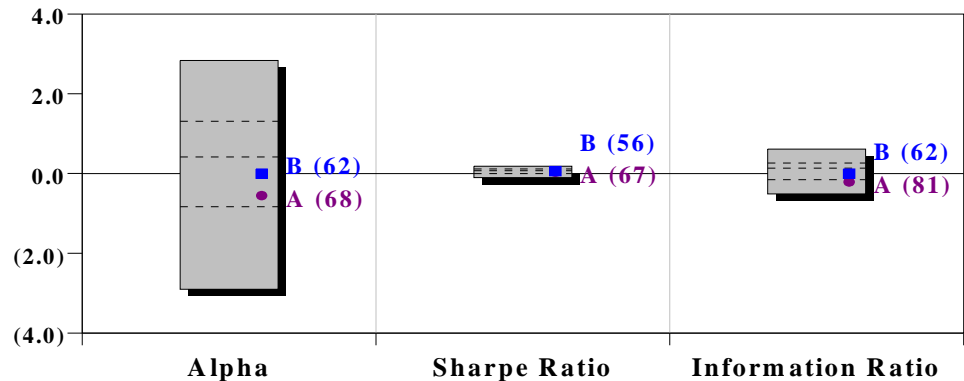
	3 Years Ending 12/31/10	3 Years Ending 12/31/09	3 Years Ending 12/31/08	3 Years Ending 12/31/07	3 Years Ending 12/31/06
10th Percentile	1.3	1.2	(6.7)	14.5	11.5
25th Percentile	0.3	0.3	(7.9)	12.2	9.1
Median	(1.0)	(1.6)	(9.0)	10.0	7.9
75th Percentile	(2.9)	(3.6)	(11.2)	8.0	6.2
90th Percentile	(5.4)	(5.2)	(12.6)	6.4	4.8
INTECH:Lg Cap Growth (A)	(0.3)	(2.9)	(8.2)	8.1	10.5
S&P:500 Growth (B)	(0.5)	(2.2)	(7.6)	8.0	7.0

Scatter Chart
for 5 Years Ended December 31, 2010



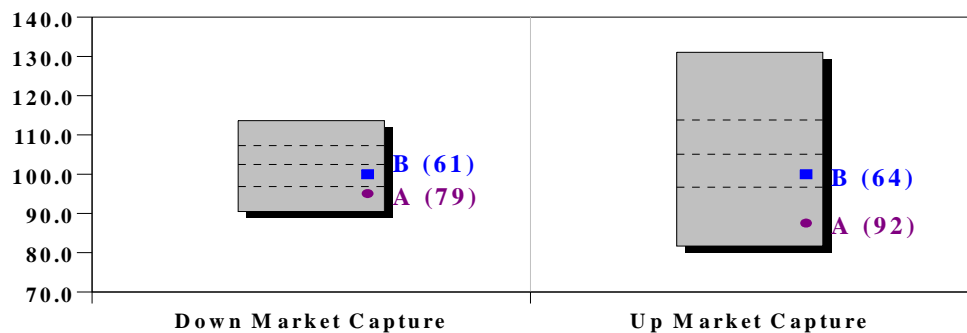
INTECH Large Cap Growth

Statistics relative to S&P:500 Growth
for 5 Years Ended December 31, 2010
Group: CAI Large Cap Growth Style



10th Percentile	2.4	0.2	0.5
25th Percentile	1.3	0.1	0.3
Median	0.4	0.1	0.1
75th Percentile	(0.8)	0.0	(0.2)
90th Percentile	(2.1)	(0.1)	(0.4)
INTECH:Lg Cap Growth	(0.6)	0.0	(0.2)
S&P:500 Growth	0.0	0.1	0.0

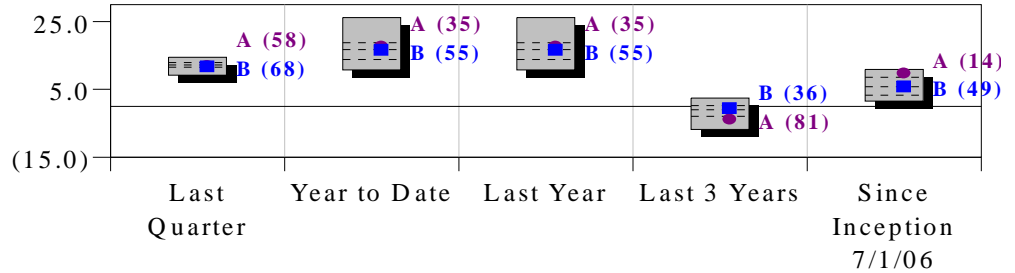
Statistics relative to S&P:500 Growth
for 5 Years Ended December 31, 2010
Group: CAI Large Cap Growth Style



10th Percentile	113.0	124.7
25th Percentile	107.3	113.8
Median	102.5	105.1
75th Percentile	96.9	96.7
90th Percentile	93.9	89.4
INTECH:Lg Cap Growth	95.1	87.6
S&P:500 Growth	100.0	100.0

Rainier Large Cap Growth

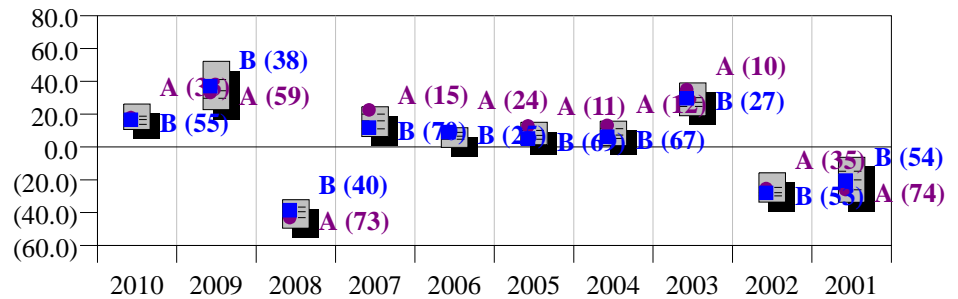
Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI Large Cap Growth Style



10th Percentile	14.1	23.3	23.3	1.3	10.3
25th Percentile	12.9	18.8	18.8	0.3	8.6
Median	12.2	16.8	16.8	(1.0)	5.8
75th Percentile	11.6	13.9	13.9	(2.9)	3.3
90th Percentile	10.1	12.3	12.3	(5.4)	2.0

Rainier Large Cap Growth	● A	12.1	17.8	17.8	(3.7)	9.9
Russell:1000 Growth	■ B	11.8	16.7	16.7	(0.5)	5.9

Returns for Calendar Years
Group: CAI Large Cap Growth Style

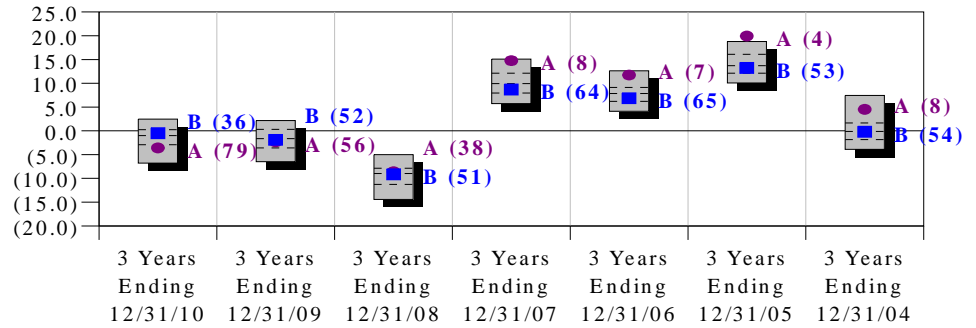


10th Percentile	23.32	47.80	(33.82)	23.58	10.47	13.37	13.76	34.69	(21.93)	(10.57)
25th Percentile	18.81	41.11	(36.57)	20.07	9.05	10.16	11.25	30.12	(24.59)	(14.64)
Median	16.77	34.39	(39.49)	16.01	6.70	7.14	7.36	27.26	(27.74)	(19.98)
75th Percentile	13.85	29.79	(42.96)	11.13	4.71	4.79	5.28	24.80	(29.79)	(26.01)
90th Percentile	12.31	25.86	(46.98)	7.46	2.00	3.77	3.31	21.95	(32.07)	(31.10)

Rainier:Large Cap Growth Equity	● A	17.98	33.25	(42.95)	22.70	9.15	12.87	13.25	35.01	(25.29)	(25.93)
Russell:1000 Growth	■ B	16.71	37.21	(38.44)	11.81	9.07	5.26	6.30	29.75	(27.88)	(20.42)

Rainier Large Cap Growth (Composite)

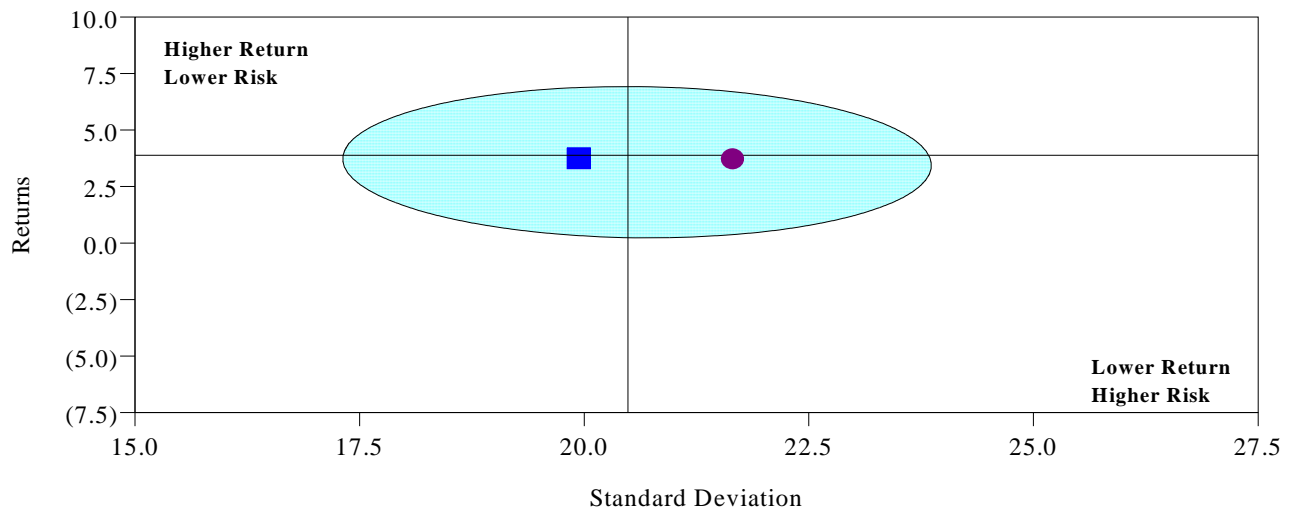
Returns
for 12 Quarter Rolling Periods
7 Years Ended December 31, 2010
Group: CAI Large Cap Growth Style



10th Percentile	1.29	1.18	(6.74)	14.50	11.49	18.32	3.21
25th Percentile	0.26	0.35	(7.85)	12.15	9.14	16.12	1.68
Median	(1.00)	(1.63)	(8.95)	9.98	7.85	13.71	(0.12)
75th Percentile	(2.91)	(3.57)	(11.23)	7.98	6.22	12.13	(1.81)
90th Percentile	(5.40)	(5.17)	(12.62)	6.41	4.82	10.60	(2.63)

Rainier: Large Cap Growth Equity	A	(3.56)	(2.30)	(8.58)	14.76	11.74	19.95	4.53
Russell: 1000 Growth	B	(0.47)	(1.89)	(9.11)	8.68	6.87	13.23	(0.18)

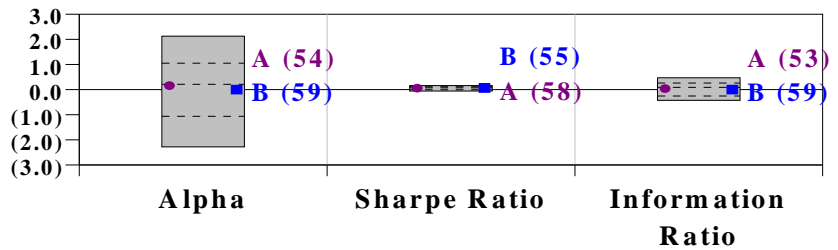
Scatter Chart
for 5 Years Ended December 31, 2010



	CAI: Lg Cap Growth Style		Russell: 1000 Growth
	Rainier: Large Cap Growth Equity		

Rainier Large Cap Growth (Composite)

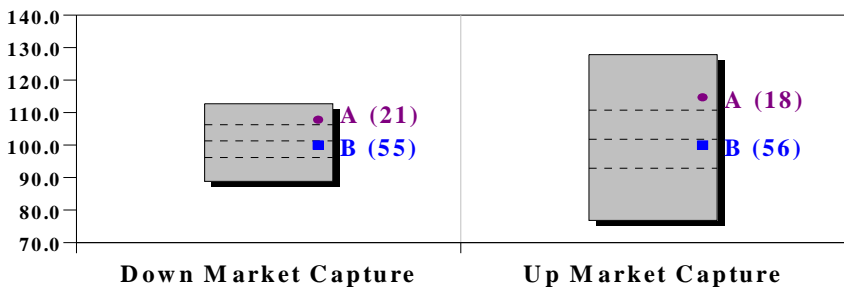
Statistics relative to Russell:1000 Growth for 5 Years Ended December 31, 2010
Group: CAI Large Cap Growth Style



	Alpha	Sharpe Ratio	Information Ratio
10th Percentile	2.1	0.2	0.5
25th Percentile	1.1	0.1	0.3
Median	0.2	0.1	0.1
75th Percentile	(1.1)	0.0	(0.2)
90th Percentile	(2.3)	(0.1)	(0.4)

Rainier:Large Cap Growth Equity	• A	0.2	0.1	0.0
Russell:1000 Growth	■ B	0.0	0.1	0.0

Statistics relative to Russell:1000 Growth for 5 Years Ended December 31, 2010
Group: CAI Large Cap Growth Style

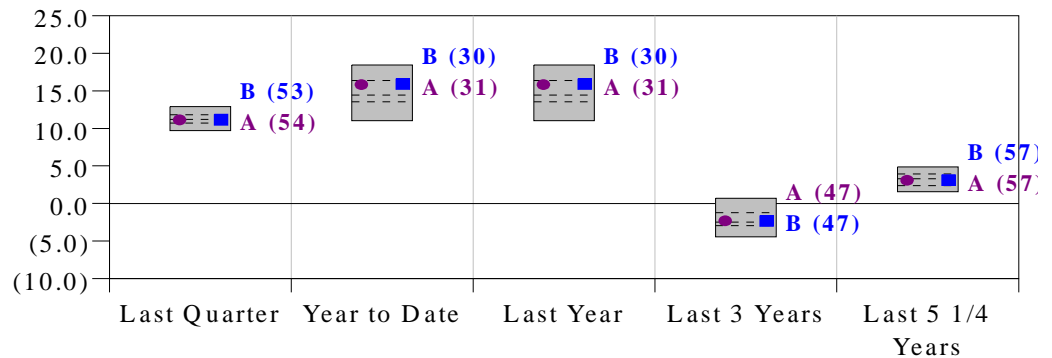


	Down Market Capture	Up Market Capture
10th Percentile	111.3	122.1
25th Percentile	106.3	110.8
Median	101.3	101.8
75th Percentile	96.2	92.9
90th Percentile	91.8	85.4

Rainier:Large Cap Growth Equity	• A	107.8	114.7
Russell:1000 Growth	■ B	100.0	100.0

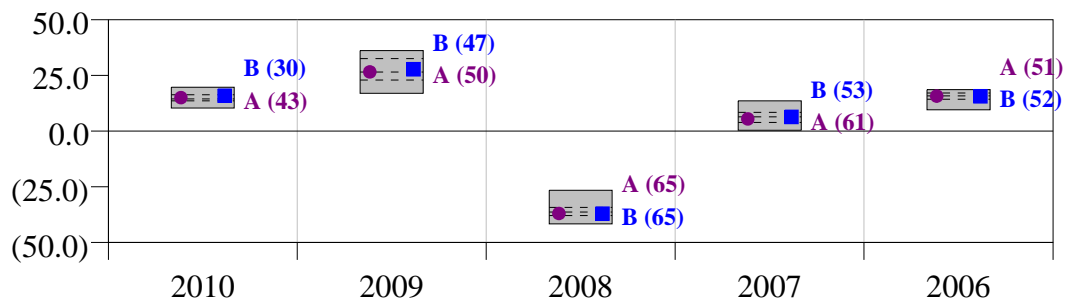
Vanguard Large Cap Index Fund

Returns
for Periods Ended December 31, 2010
Group: CAI Large Cap Core Style



10th Percentile	12.9	18.4	18.4	0.7	4.9
25th Percentile	11.8	16.4	16.4	(1.2)	3.9
Median	11.2	14.5	14.5	(2.5)	3.3
75th Percentile	10.7	13.6	13.6	(2.9)	2.4
90th Percentile	9.7	11.0	11.0	(4.4)	1.6
Vanguard Large Cap Index	11.1	15.8	15.8	(2.3)	3.1
MSCI:US Prime Mkt 750	11.2	15.9	15.9	(2.3)	3.1

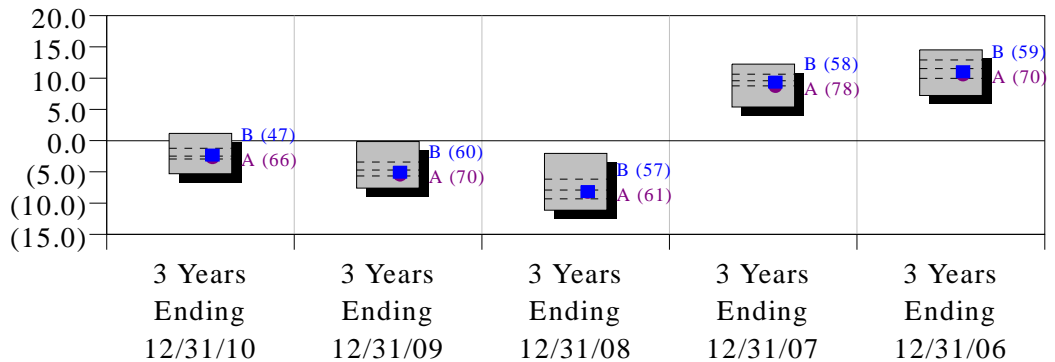
Returns for Calendar Years
Group: CAI Large Cap Core Style



10th Percentile	18.4	35.0	(31.8)	11.5	18.0
25th Percentile	16.4	32.6	(34.3)	8.5	17.2
Median	14.5	26.5	(36.4)	6.5	15.9
75th Percentile	13.6	23.0	(37.9)	4.0	14.4
90th Percentile	11.0	21.0	(40.0)	1.7	12.4
Vanguard Instl Indx;Inst	15.0	26.6	(37.0)	5.5	15.8
MSCI:US Prime Mkt 750	15.9	27.8	(37.1)	6.4	15.7

Vanguard Large Cap Index Fund

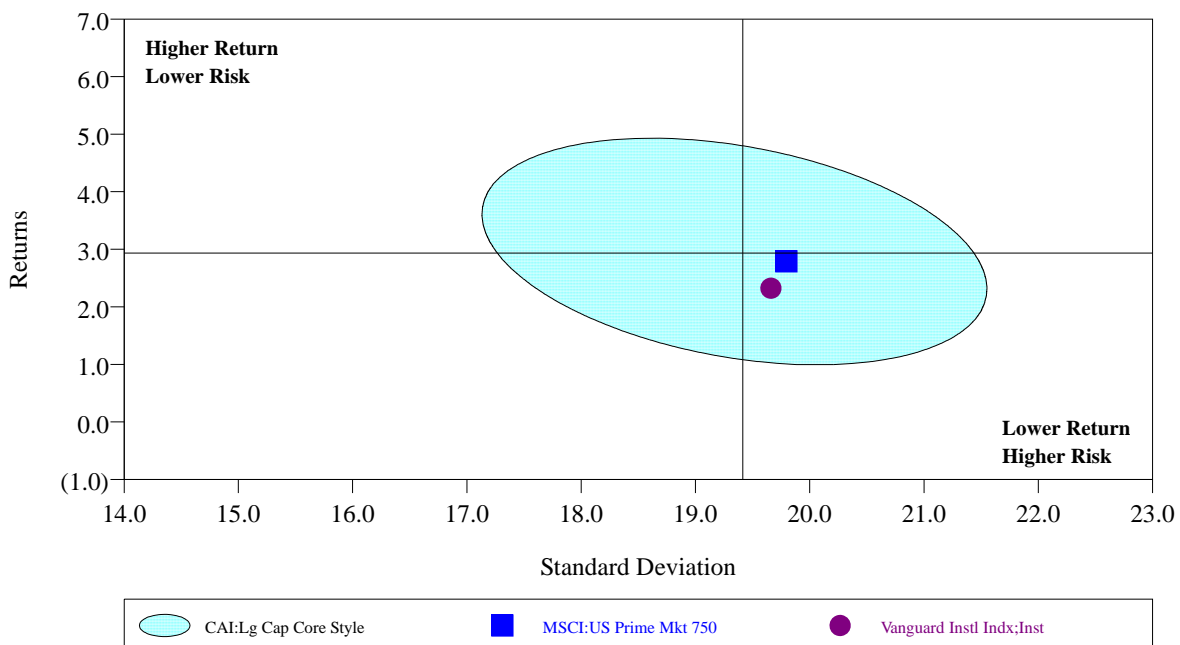
Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI Large Cap Core Style



10th Percentile	0.7	(1.3)	(4.6)	11.6	13.8
25th Percentile	(1.2)	(3.4)	(6.2)	10.6	12.9
Median	(2.5)	(4.7)	(7.9)	9.6	11.5
75th Percentile	(2.9)	(5.7)	(9.3)	8.8	10.0
90th Percentile	(4.4)	(7.1)	(10.3)	7.2	8.9

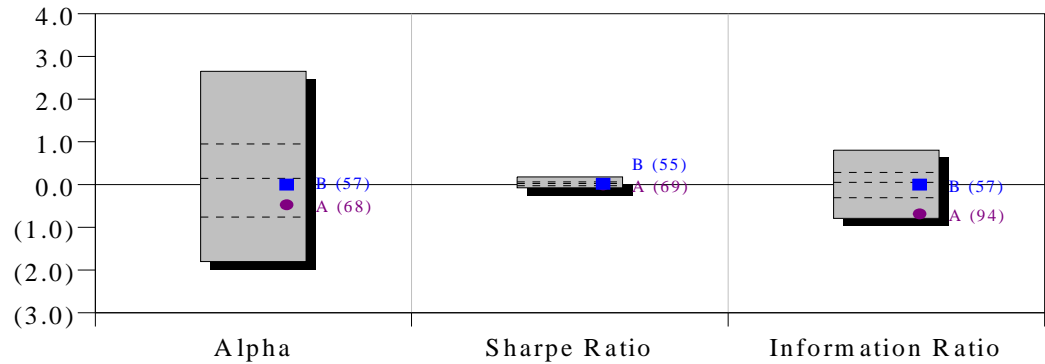
Vanguard Instl Indx;Inst ● A	(2.8)	(5.6)	(8.3)	8.6	10.4
MSCI:US Prime Mkt 750 ■ B	(2.3)	(5.1)	(8.2)	9.4	11.1

Scatter Chart
for 5 Years Ended December 31, 2010



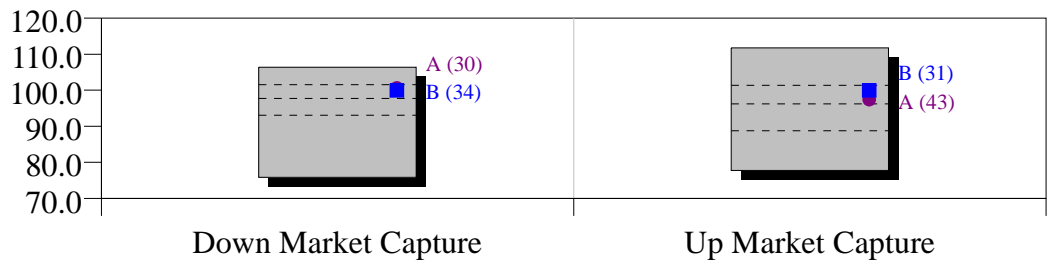
Vanguard Large Cap Index Fund

Statistics relative to MSCI:US Prime Mkt 750
for 5 Years Ended December 31, 2010
Group: CAI Large Cap Core Style



	Alpha	Sharpe Ratio	Information Ratio
10th Percentile	1.7	0.1	0.5
25th Percentile	1.0	0.1	0.3
Median	0.1	0.0	0.1
75th Percentile	(0.8)	0.0	(0.3)
90th Percentile	(1.5)	(0.1)	(0.5)
Vanguard Instl Indx;Inst ● A	(0.5)	0.0	(0.7)
MSCI:US Prime Mkt 750 ■ B	0.0	0.0	0.0

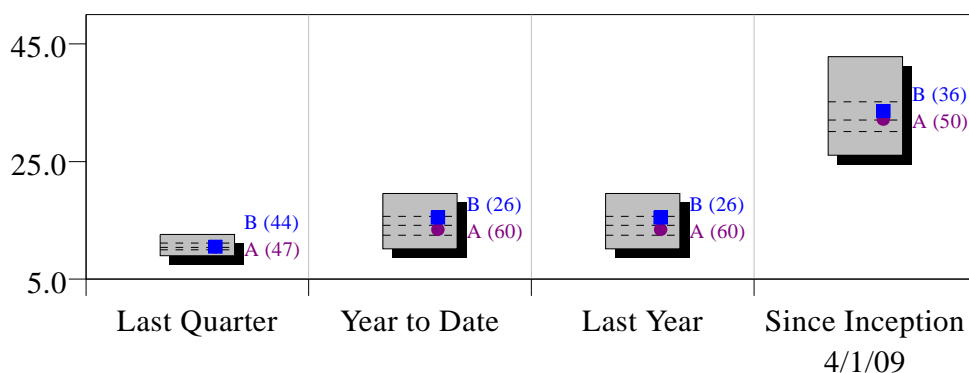
Statistics relative to MSCI:US Prime Mkt 750
for 5 Years Ended December 31, 2010
Group: CAI Large Cap Core Style



	Down Market Capture	Up Market Capture
10th Percentile	103.6	108.5
25th Percentile	101.5	101.4
Median	97.7	96.2
75th Percentile	93.1	88.8
90th Percentile	86.8	83.2
Vanguard Instl Indx;Inst ● A	100.7	97.4
MSCI:US Prime Mkt 750 ■ B	100.0	100.0

Robeco/Boston Partners Large Cap Value

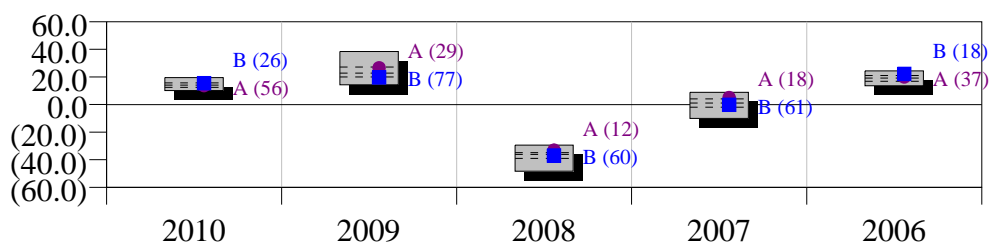
Returns
for Periods Ended December 31, 2010
Group: CAI Large Cap Value Style



10th Percentile	12.1	18.1	18.1	38.3
25th Percentile	11.2	15.7	15.7	35.2
Median	10.4	14.2	14.2	32.1
75th Percentile	10.0	12.5	12.5	30.1
90th Percentile	9.4	11.5	11.5	27.9

Robeco/Boston Partners ● A	10.5	13.4	13.4	32.2
Russell:1000 Value ■ B	10.5	15.5	15.5	33.6

Returns for Calendar Years
Group: CAI Large Cap Value Style

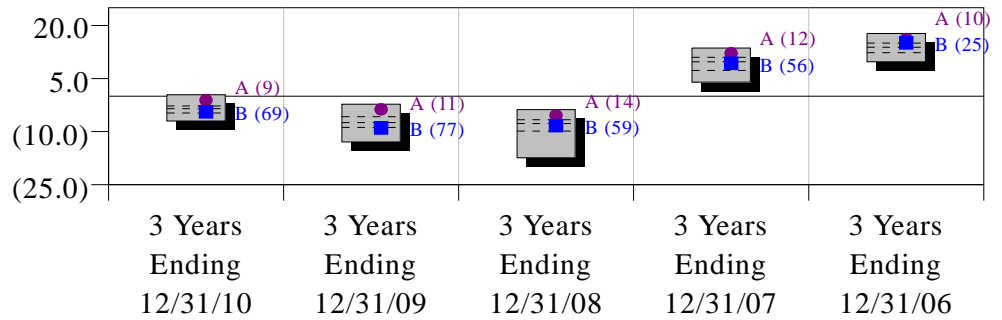


10th Percentile	18.1	34.5	(32.8)	7.0	23.6
25th Percentile	15.7	27.2	(34.8)	4.2	21.2
Median	14.2	22.8	(36.0)	1.1	19.1
75th Percentile	12.5	20.0	(38.9)	(1.8)	17.0
90th Percentile	11.5	16.0	(44.9)	(6.2)	14.6

Robeco:BP Lg Cap Value ● A	13.8	26.8	(33.0)	5.1	20.0
Russell:1000 Value ■ B	15.5	19.7	(36.8)	(0.2)	22.2

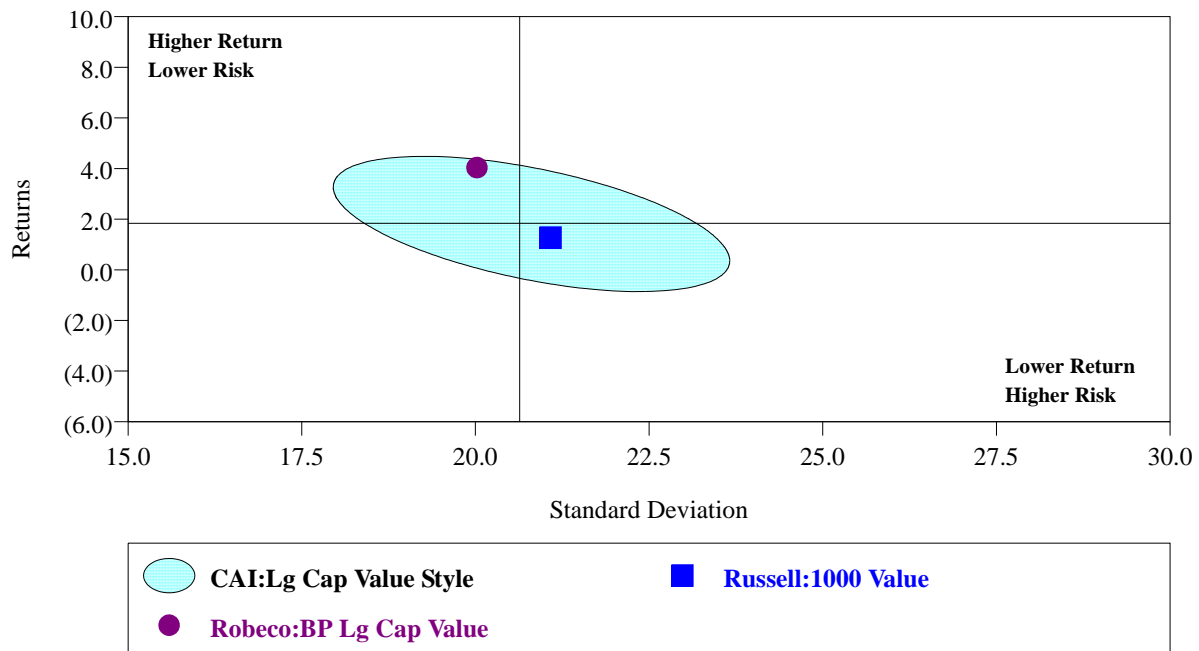
Robeco/Boston Partners Large Cap Value (Composite)

Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI Large Cap Value Style



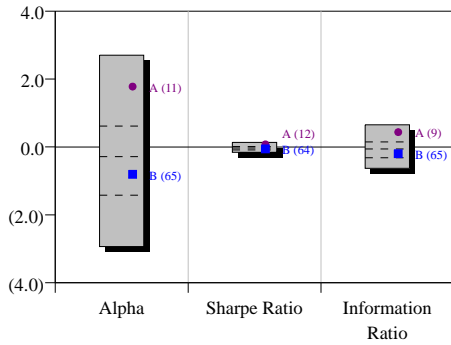
10th Percentile	(1.2)	(3.6)	(4.6)	12.5	16.1
25th Percentile	(2.7)	(5.8)	(6.6)	11.0	15.1
Median	(3.5)	(7.4)	(7.7)	9.7	13.9
75th Percentile	(4.7)	(8.8)	(9.8)	7.3	12.3
90th Percentile	(6.3)	(11.6)	(14.5)	5.5	10.8
Robeco:BP Lg Cap Value ● A	(1.1)	(3.7)	(5.4)	12.2	16.2
Russell:1000 Value ■ B	(4.4)	(9.0)	(8.3)	9.3	15.1

Scatter Chart
for 5 Years Ended December 31, 2010



Robeco/Boston Partners Large Cap Value (Composite)

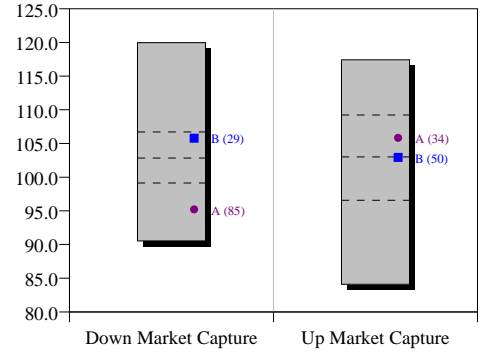
Statistics relative to S&P:500
for 5 Years Ended December 31, 2010
Group: CAI Large Cap Value Style



10th Percentile	2.0	0.1	0.4
25th Percentile	0.6	0.0	0.2
Median	(0.3)	0.0	(0.1)
75th Percentile	(1.4)	(0.1)	(0.3)
90th Percentile	(2.6)	(0.1)	(0.6)

Robeco:BP Lg Cap Value ● A **1.8** **0.1** **0.4**
 Russell:1000 Value ■ B (0.8) (0.1) (0.2)

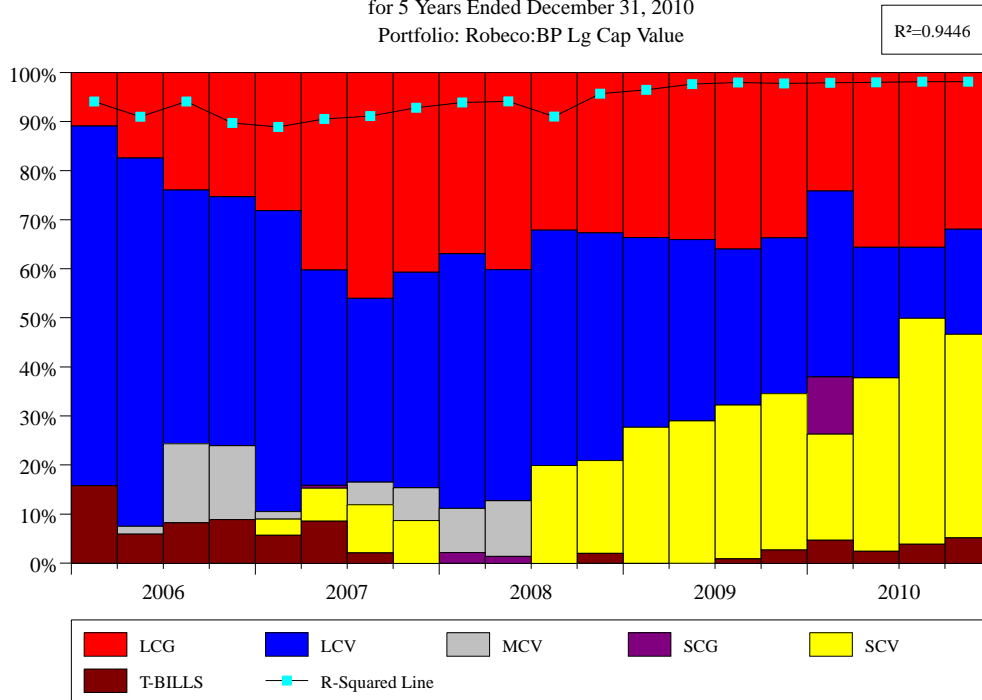
Statistics relative to S&P:500
for 5 Years Ended December 31, 2010
Group: CAI Large Cap Value Style



10th Percentile	112.9	113.4
25th Percentile	106.7	109.2
Median	102.8	103.0
75th Percentile	99.1	96.6
90th Percentile	92.3	90.5

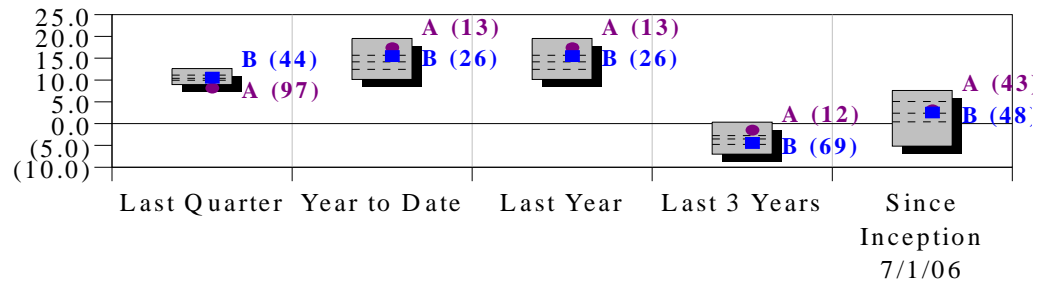
Robeco:BP Lg Cap Value ● A **95.2** **105.8**
 Russell:1000 Value ■ B 105.8 103.0

Rolling 12 Quarter Domestic Equity Style
for 5 Years Ended December 31, 2010
Portfolio: Robeco:BP Lg Cap Value



Great Lakes Large Cap Value

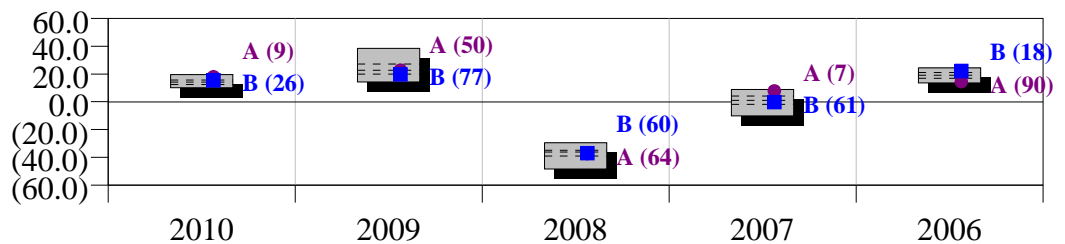
Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI Large Cap Value Style



10th Percentile	12.1	18.1	18.1	(1.2)	6.6
25th Percentile	11.2	15.7	15.7	(2.7)	5.1
Median	10.4	14.2	14.2	(3.5)	2.4
75th Percentile	10.0	12.5	12.5	(4.7)	0.4
90th Percentile	9.4	11.5	11.5	(6.3)	(2.3)

Great Lakes Large Value	● A	8.2	17.4	17.4	(1.5)	3.2
Russell:1000 Value	■ B	10.5	15.5	15.5	(4.4)	2.6

Returns for Calendar Years
Group: CAI Large Cap Value Style

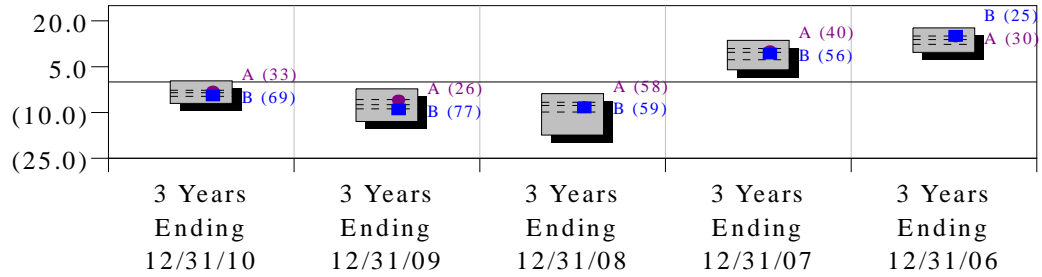


10th Percentile	18.1	34.5	(32.8)	7.0	23.6
25th Percentile	15.7	27.2	(34.8)	4.2	21.2
Median	14.2	22.8	(36.0)	1.1	19.1
75th Percentile	12.5	20.0	(38.9)	(1.8)	17.0
90th Percentile	11.5	16.0	(44.9)	(6.2)	14.6

GLakes:Value Equity	● A	18.1	22.8	(37.1)	7.9	14.6
Russell:1000 Value	■ B	15.5	19.7	(36.8)	(0.2)	22.2

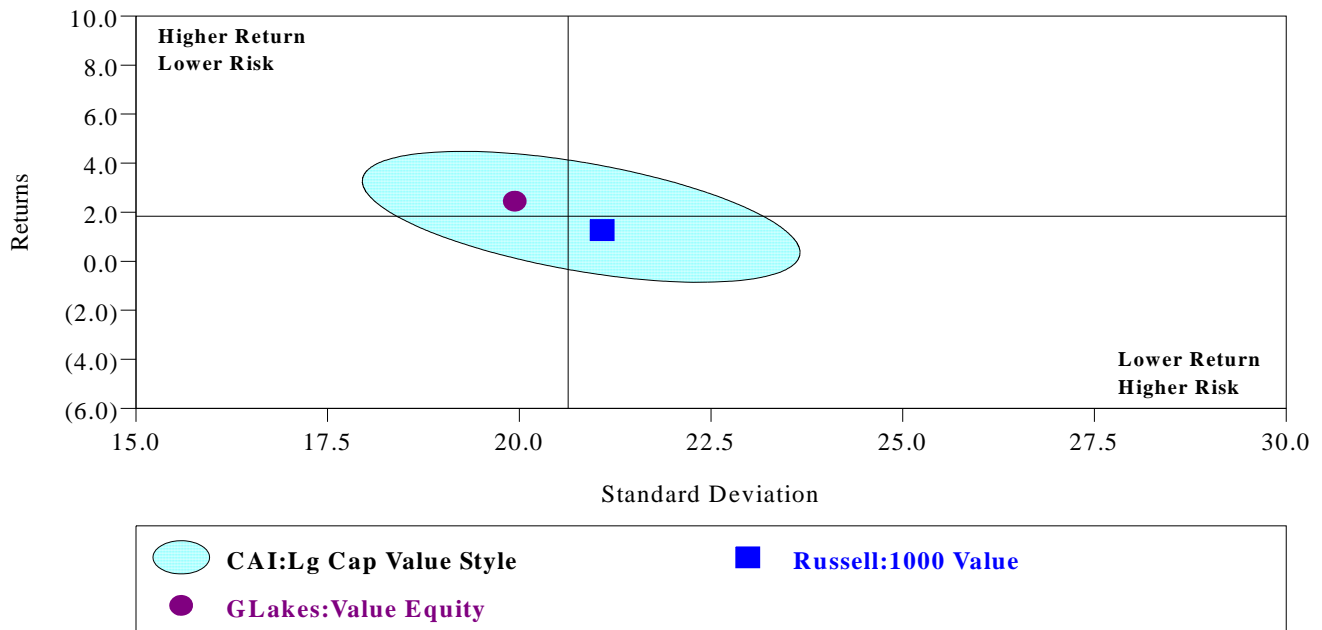
Great Lakes Large Cap Value (Composite)

Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI Large Cap Value Style



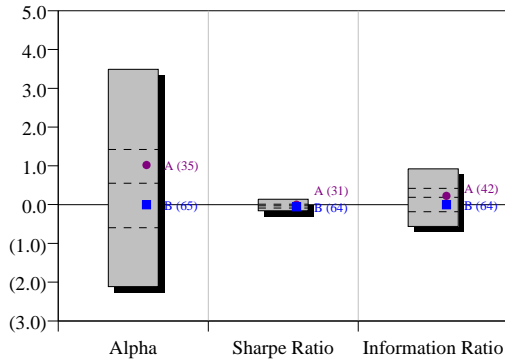
10th Percentile	(1.2)	(3.6)	(4.6)	12.5	16.1
25th Percentile	(2.7)	(5.8)	(6.6)	11.0	15.1
Median	(3.5)	(7.4)	(7.7)	9.7	13.9
75th Percentile	(4.7)	(8.8)	(9.8)	7.3	12.3
90th Percentile	(6.3)	(11.6)	(14.5)	5.5	10.8
GLakes:Value Equity ● A	(3.0)	(5.9)	(8.0)	10.2	14.8
Russell:1000 Value ■ B	(4.4)	(9.0)	(8.3)	9.3	15.1

Scatter Chart
for 5 Years Ended December 31, 2010

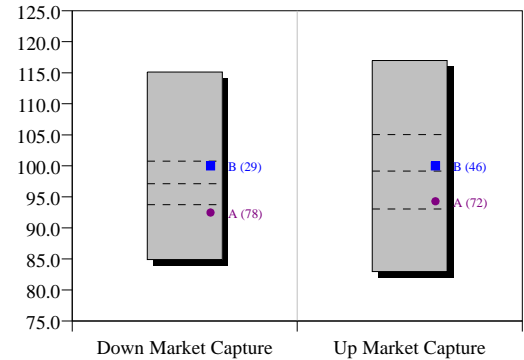


Great Lakes Large Cap Value (Composite)

Statistics relative to Russell:1000 Value
for 5 Years Ended December 31, 2010
Group: CAI Large Cap Value Style



Statistics relative to Russell:1000 Value
for 5 Years Ended December 31, 2010
Group: CAI Large Cap Value Style



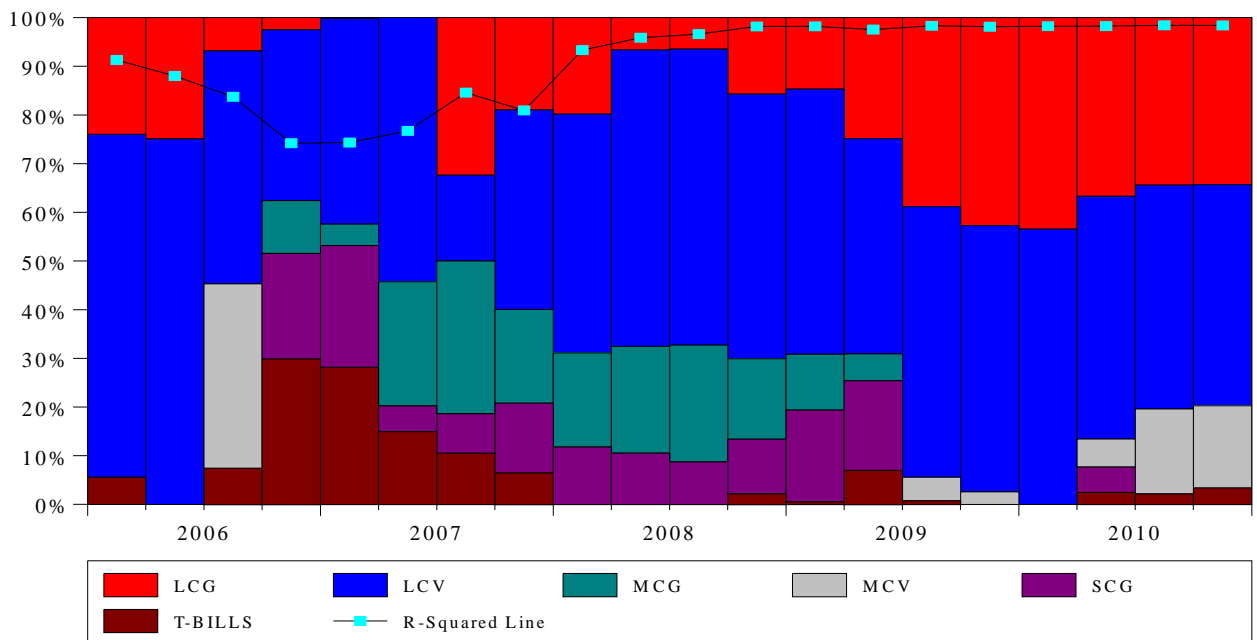
	Alpha	Sharpe Ratio	Information Ratio
10th Percentile	2.7	0.1	0.7
25th Percentile	1.4	0.0	0.4
Median	0.6	0.0	0.2
75th Percentile	(0.6)	(0.1)	(0.2)
90th Percentile	(1.8)	(0.1)	(0.4)

	Down Market Capture	Up Market Capture
10th Percentile	107.2	112.0
25th Percentile	100.8	105.0
Median	97.1	99.2
75th Percentile	93.7	93.1
90th Percentile	87.6	87.7

GLakes:Value Equity	A	1.0	0.0	0.2
Russell:1000 Value	B	0.0	(0.1)	0.0

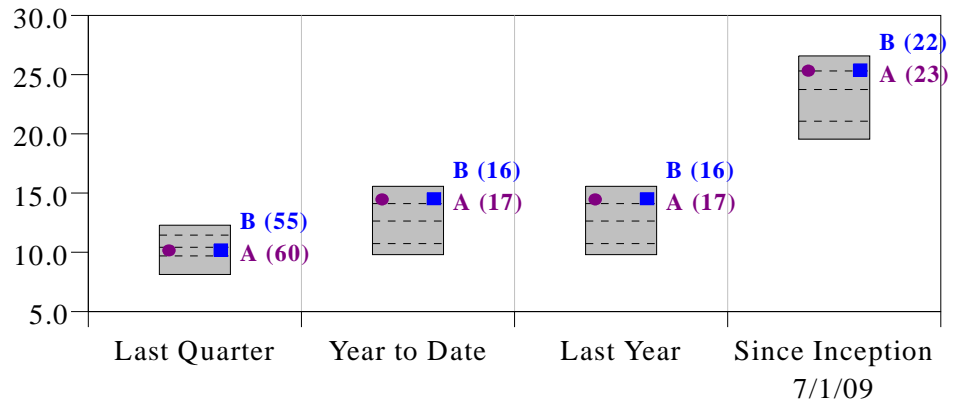
GLakes:Value Equity	A	92.5	94.3
Russell:1000 Value	B	100.0	100.0

Rolling 12 Quarter Domestic Equity Style
for 5 Years Ended December 31, 2010
Portfolio: GLakes:Value Equity



Vanguard Large Cap Value Index ETF

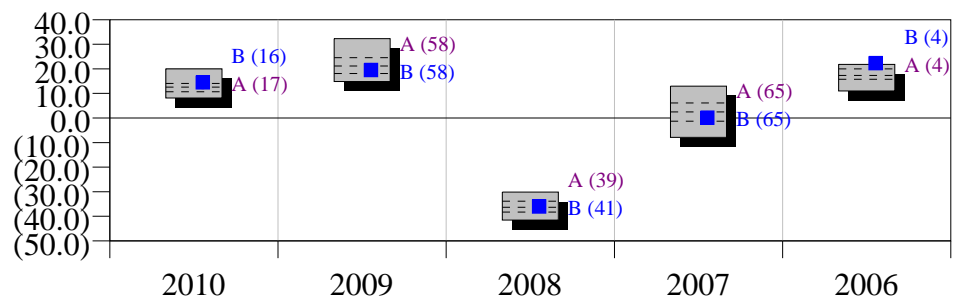
Returns
for Periods Ended December 31, 2010
Group: CAI MF - Large Cap Value Style



10th Percentile	12.3	15.6	15.6	26.6
25th Percentile	11.5	14.1	14.1	25.3
Median	10.4	12.7	12.7	23.7
75th Percentile	9.7	10.7	10.7	21.1
90th Percentile	8.1	9.8	9.8	19.6

Vanguard Large Cap Value ETF ● A	10.2	14.5	14.5	25.3
MSCI:US Prime Mkt Val ■ B	10.2	14.5	14.5	25.4

Returns for Calendar Years
Group: CAI MF - Large Cap Value Style

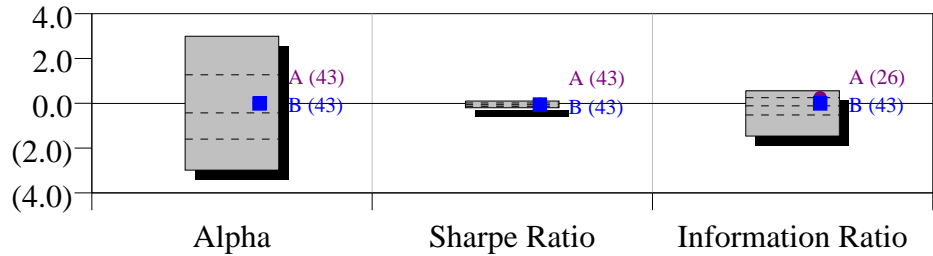


10th Percentile	15.6	30.6	(32.0)	10.8	21.2
25th Percentile	14.1	24.6	(33.8)	6.2	20.0
Median	12.7	21.2	(36.3)	2.5	17.4
75th Percentile	10.7	18.2	(38.2)	(1.3)	15.8
90th Percentile	9.8	16.4	(40.5)	(5.7)	11.5

Vangrd:Vanguard Value Idx;ETF ● A	14.5	19.7	(35.9)	0.2	22.3
MSCI:US Prime Mkt Val ■ B	14.5	19.5	(36.0)	0.2	22.4

Vanguard Large Cap Value Index ETF

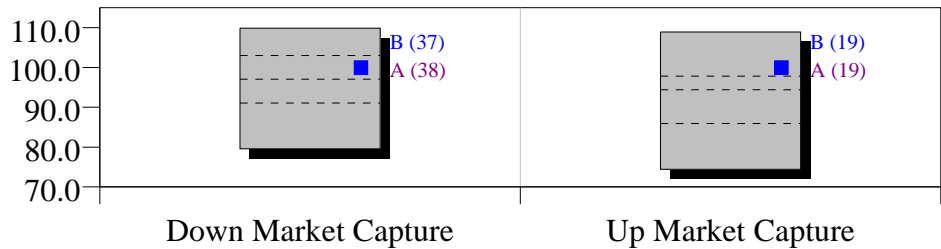
Statistics relative to MSCI:US Prime Mkt Val
for 5 Years Ended December 31, 2010
Group: CAI MF - Large Cap Value Style



10th Percentile	2.1	0.1	0.5
25th Percentile	1.3	0.0	0.3
Median	(0.4)	(0.1)	(0.1)
75th Percentile	(1.6)	(0.1)	(0.5)
90th Percentile	(2.7)	(0.2)	(1.0)

Vangrd:Vanguard Value Idx;ETF	● A	0.0	0.0	0.2
MSCI:US Prime Mkt Val	■ B	0.0	0.0	0.0

Statistics relative to MSCI:US Prime Mkt Val
for 5 Years Ended December 31, 2010
Group: CAI MF - Large Cap Value Style

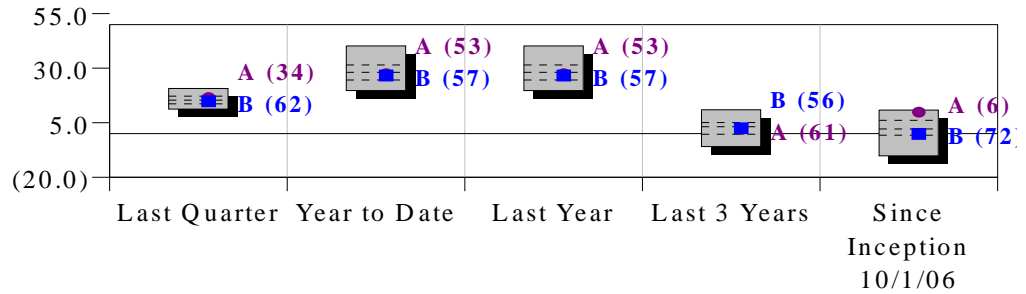


10th Percentile	106.5	103.5
25th Percentile	103.0	97.8
Median	97.1	94.4
75th Percentile	91.1	85.9
90th Percentile	86.2	76.2

Vangrd:Vanguard Value Idx;ETF	● A	99.9	99.9
MSCI:US Prime Mkt Val	■ B	100.0	100.0

Eagle Small/Mid Cap Equity

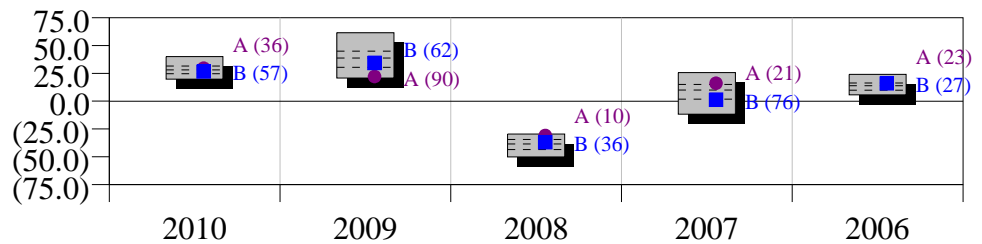
Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI Small/MidCap Broad Style



10th Percentile	19.3	36.9	36.9	7.3	9.4
25th Percentile	17.2	31.6	31.6	5.1	6.1
Median	15.3	28.1	28.1	3.2	2.1
75th Percentile	13.7	24.7	24.7	(0.3)	(0.7)
90th Percentile	12.2	22.3	22.3	(4.5)	(6.6)

Eagle Asset Management ● A	16.6	27.5	27.5	1.9	9.9
Russell:2500 Index ■ B	14.9	26.7	26.7	2.5	(0.1)

Returns for Calendar Years
Group: CAI Small/MidCap Broad Style

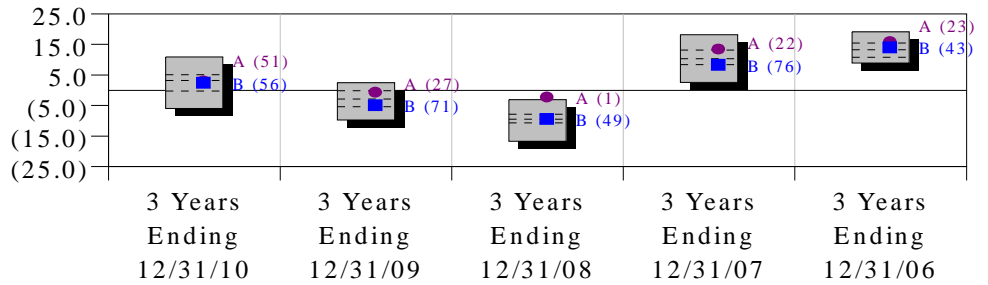


10th Percentile	36.9	55.4	(30.7)	22.8	20.0
25th Percentile	31.6	44.9	(34.4)	15.2	16.3
Median	28.1	38.8	(38.4)	10.1	13.8
75th Percentile	24.7	30.5	(43.5)	2.0	9.8
90th Percentile	22.3	22.2	(48.8)	(8.5)	6.8

Eagle:Sm/Mid Cp Core-Ins ● A	29.7	22.2	(30.8)	16.1	16.6
Russell:2500 Index ■ B	26.7	34.4	(36.8)	1.4	16.2

Eagle Small/Mid Cap Equity (Composite)

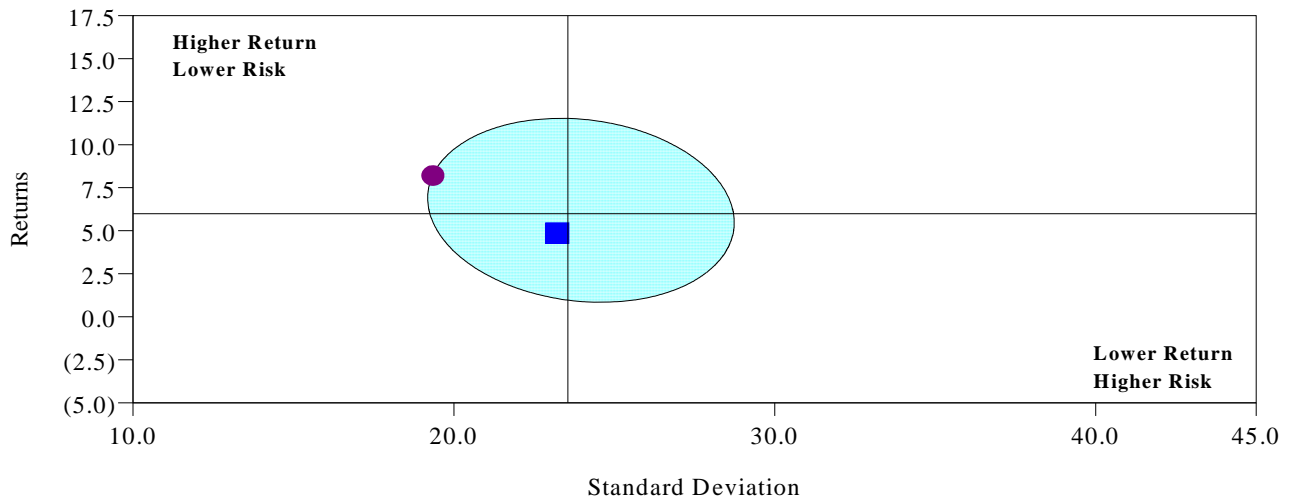
Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI Small/MidCap Broad Style



10th Percentile	7.3	1.5	(4.6)	16.4	18.0
25th Percentile	5.1	(0.1)	(7.8)	13.2	15.5
Median	3.2	(2.8)	(9.5)	10.3	13.3
75th Percentile	(0.3)	(5.3)	(10.6)	8.4	10.8
90th Percentile	(4.5)	(9.1)	(14.8)	4.4	9.2

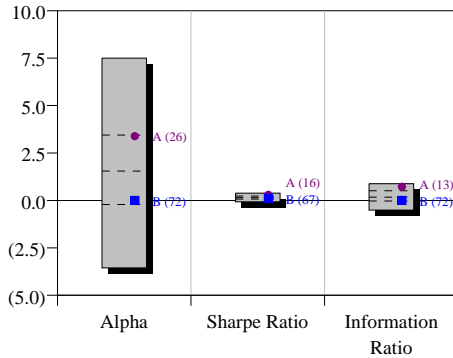
Eagle:Sm/Mid Cp Core-Ins ● A	3.1	(0.6)	(2.2)	13.5	16.0
Russell:2500 Index ■ B	2.5	(4.9)	(9.4)	8.4	14.1

Scatter Chart
for 5 Years Ended December 31, 2010



Eagle Small/Mid Cap Equity (Composite)

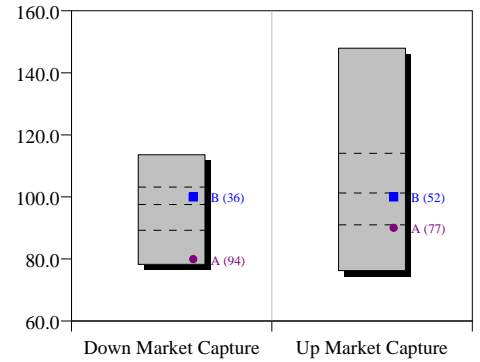
Statistics relative to Russell:2500 Index for 5 Years Ended December 31, 2010
Group: CAI Small/MidCap Broad Style



	Alpha	Sharpe Ratio	Information Ratio
10th Percentile	5.8	0.3	0.8
25th Percentile	3.4	0.2	0.5
Median	1.5	0.2	0.2
75th Percentile	(0.2)	0.1	0.0
90th Percentile	(2.2)	0.0	(0.2)

Eagle:Sm/Mid Cp Core-Ins	A	3.4	0.3	0.7
Russell:2500 Index	B	0.0	0.1	0.0

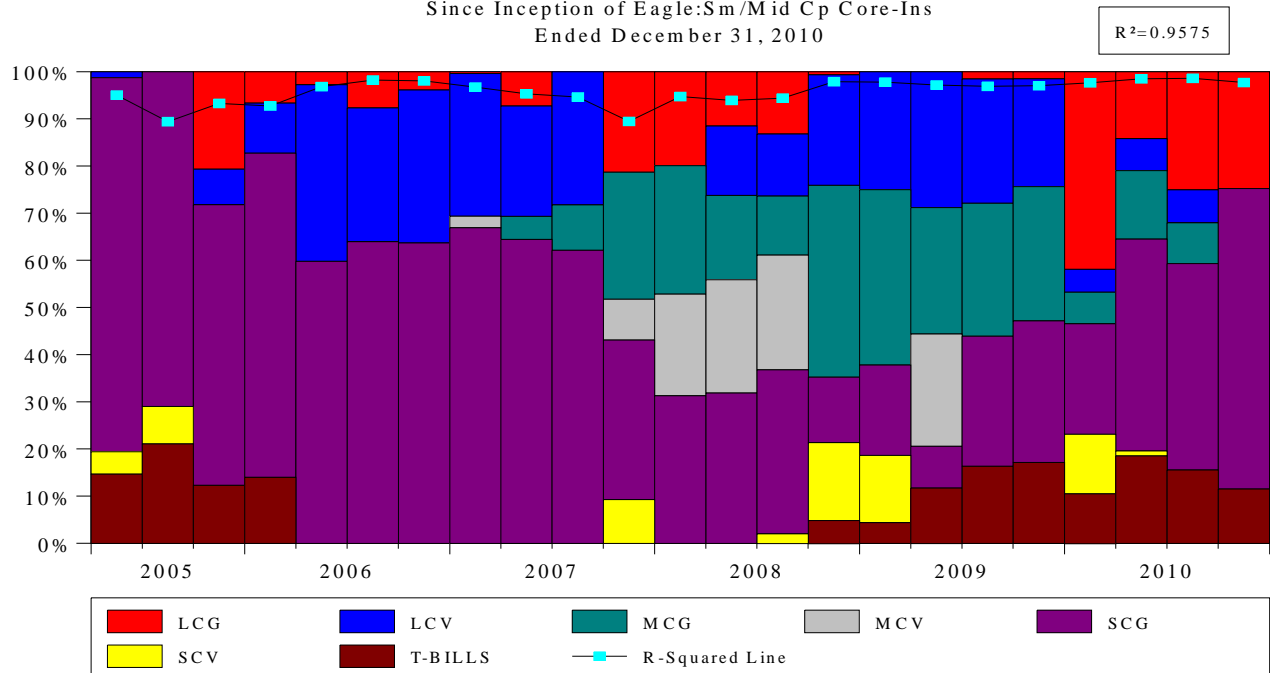
Statistics relative to Russell:2500 Index for 5 Years Ended December 31, 2010
Group: CAI Small/MidCap Broad Style



	Down Market Capture	Up Market Capture
10th Percentile	110.7	129.8
25th Percentile	103.2	114.1
Median	97.6	101.3
75th Percentile	89.3	91.0
90th Percentile	81.9	85.5

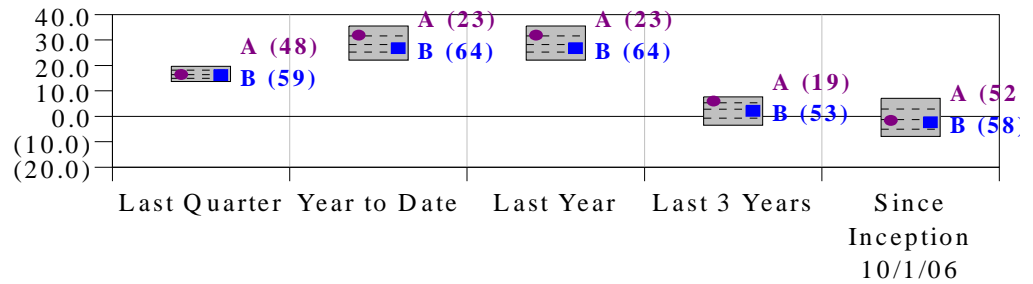
Eagle:Sm/Mid Cp Core-Ins	A	79.9	90.0
Russell:2500 Index	B	100.0	100.0

Rolling 12 Quarter Domestic Equity Style Since Inception of Eagle:Sm/Mid Cp Core-Ins Ended December 31, 2010



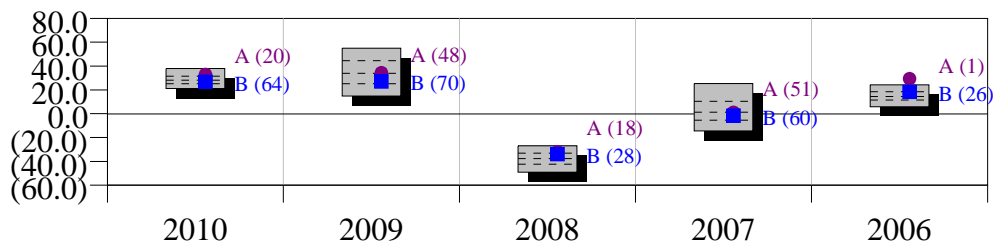
TAMRO Small Cap Equity

Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI Small Capitalization Style



10th Percentile	19.7	35.6	35.6	7.7	7.2
25th Percentile	18.2	31.6	31.6	5.4	2.9
Median	16.5	28.2	28.2	2.8	(1.3)
75th Percentile	15.0	25.3	25.3	(0.7)	(5.0)
90th Percentile	13.7	22.2	22.2	(3.4)	(7.9)
TAMRO Capital Partners ● A	16.5	32.0	32.0	6.0	(1.6)
Russell:2000 Index ■ B	16.3	26.9	26.9	2.2	(2.3)

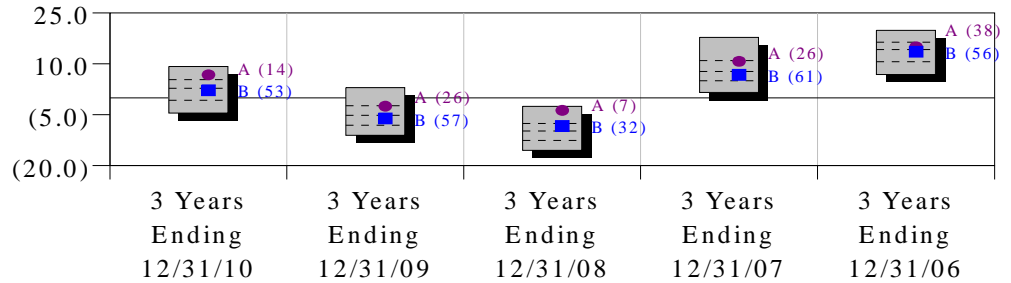
Returns for Calendar Years
Group: CAI Small Capitalization Style



10th Percentile	35.6	49.8	(29.6)	20.2	21.8
25th Percentile	31.6	44.6	(33.0)	10.5	18.6
Median	28.2	34.0	(37.6)	1.4	14.6
75th Percentile	25.3	25.2	(42.3)	(5.5)	11.6
90th Percentile	22.2	18.0	(46.5)	(11.4)	7.1
TAMRO:Small Cap Core ● A	33.0	34.5	(31.9)	1.3	29.5
Russell:2000 Index ■ B	26.9	27.2	(33.8)	(1.6)	18.4

TAMRO Small Cap Equity (Composite)

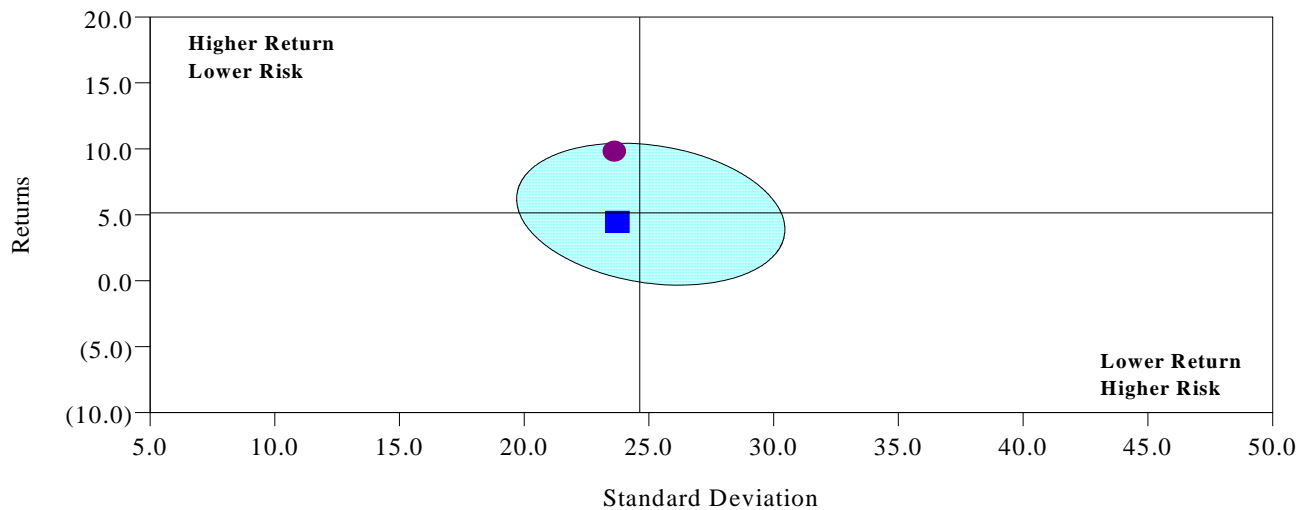
Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI Small Capitalization Style



10th Percentile	7.7	0.7	(4.5)	15.3	18.3
25th Percentile	5.4	(2.3)	(7.6)	11.0	16.4
Median	2.8	(5.2)	(9.8)	7.8	14.2
75th Percentile	(0.7)	(8.1)	(12.5)	5.0	10.6
90th Percentile	(3.4)	(10.3)	(14.4)	3.2	7.7

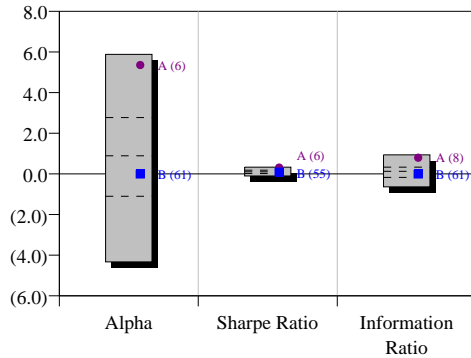
TAMRO:Small Cap Core ● A	6.8	(2.5)	(3.7)	10.7	15.1
Russell:2000 Index ■ B	2.2	(6.1)	(8.3)	6.8	13.6

Scatter Chart
for 5 Years Ended December 31, 2010



TAMRO Small Cap Equity (Composite)

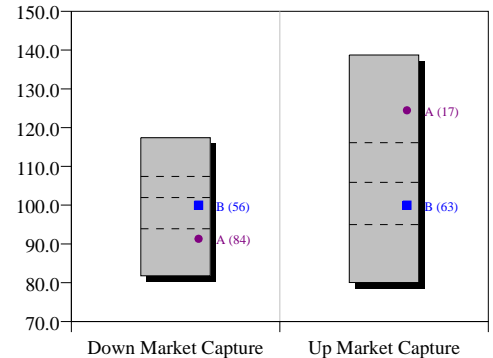
Statistics relative to Russell:2000 Index for 5 Years Ended December 31, 2010
Group: CAI Small Capitalization Style



10th Percentile	4.8	0.3	0.7
25th Percentile	2.8	0.2	0.3
Median	0.9	0.1	0.1
75th Percentile	(1.1)	0.0	(0.2)
90th Percentile	(2.8)	0.0	(0.5)

TAMRO:Small Cap Core	5.4	0.3	0.8
Russell:2000 Index	0.0	0.1	0.0

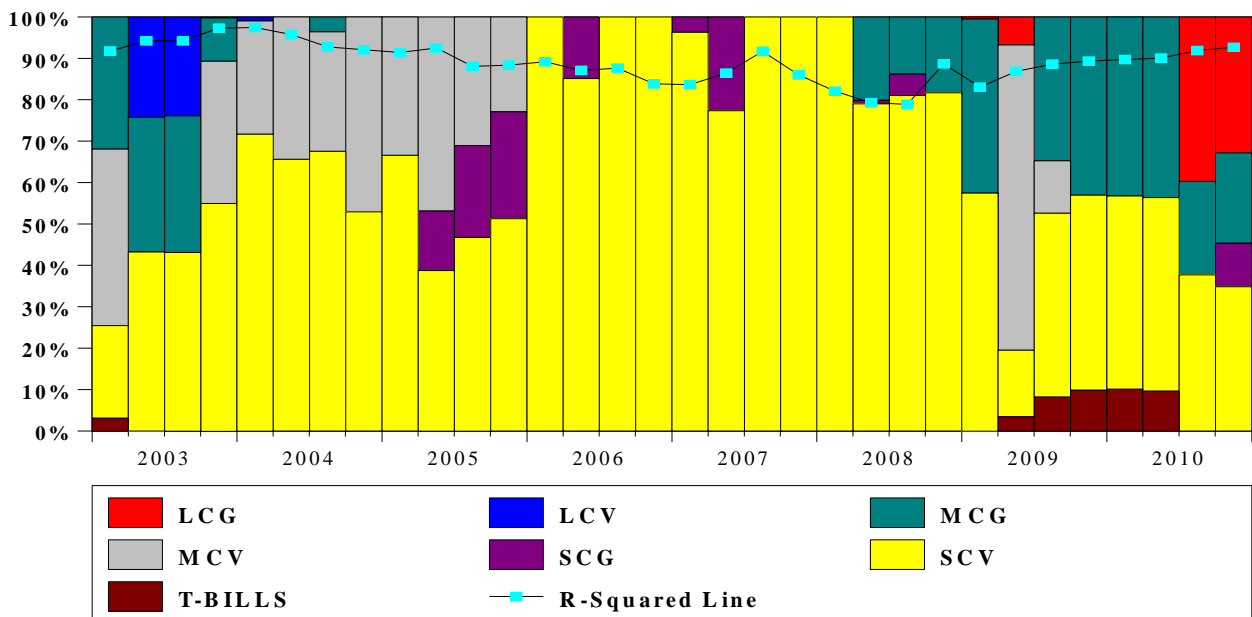
Statistics relative to Russell:2000 Index for 5 Years Ended December 31, 2010
Group: CAI Small Capitalization Style



10th Percentile	113.0	132.6
25th Percentile	107.4	116.1
Median	102.0	105.9
75th Percentile	93.9	95.0
90th Percentile	88.3	88.3

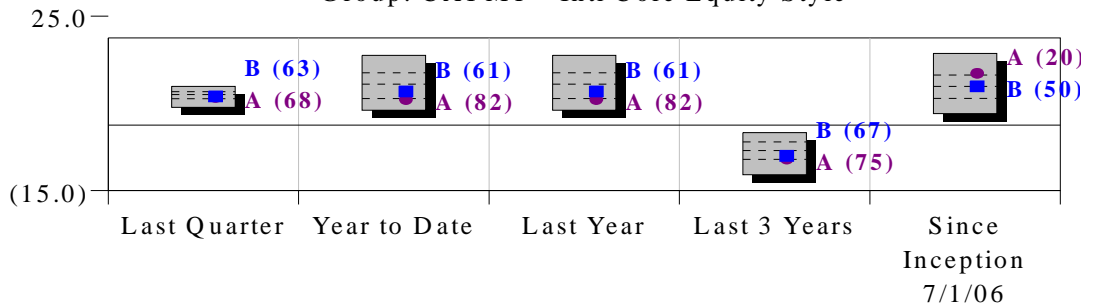
TAMRO:Small Cap Core	91.3	124.5
Russell:2000 Index	100.0	100.0

Rolling 12 Quarter Domestic Equity Style Since Inception of TAMRO:Small Cap Core Ended December 31, 2010



Artisan International Equity Fund

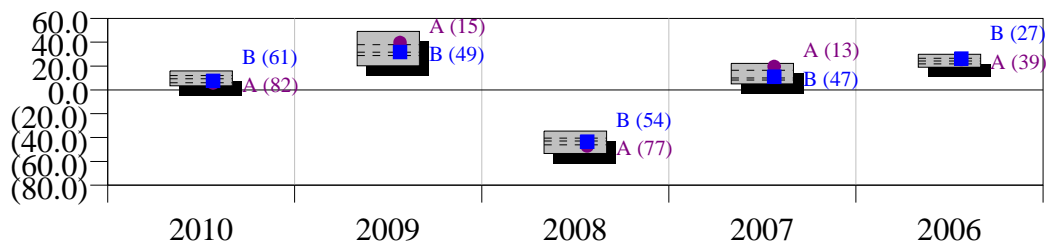
Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI MF - Intl Core Equity Style



10th Percentile	8.4	15.3	15.3	(3.1)	13.3
25th Percentile	7.7	12.0	12.0	(3.8)	11.5
Median	7.0	9.4	9.4	(5.8)	8.9
75th Percentile	6.1	6.1	6.1	(7.8)	6.2
90th Percentile	5.4	4.7	4.7	(9.5)	5.2

Artisan International	● A	6.4	5.9	5.9	(7.7)	11.9
MSCI:EAFE US\$	■ B	6.6	7.8	7.8	(7.0)	8.9

Returns for Calendar Years
Group: CAI MF - Intl Core Equity Style

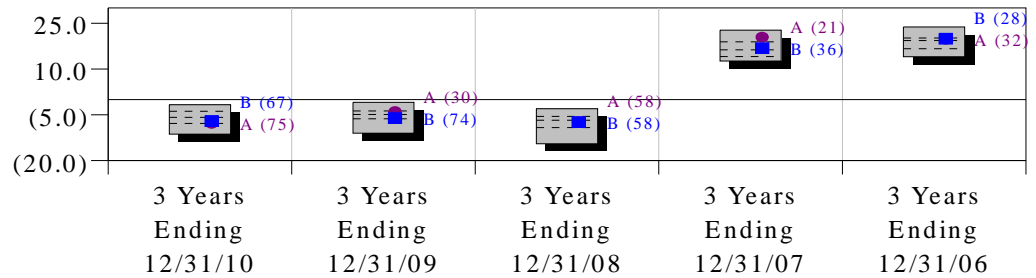


10th Percentile	15.3	41.4	(35.1)	21.9	28.7
25th Percentile	12.0	38.0	(40.3)	16.5	26.6
Median	9.4	31.7	(42.7)	10.2	24.5
75th Percentile	6.1	29.0	(46.1)	8.4	22.0
90th Percentile	4.7	22.7	(49.3)	5.7	20.2

Artisan: Internatl; Inv	● A	5.9	39.8	(47.0)	19.7	25.6
MSCI:EAFE US\$	■ B	7.8	31.8	(43.4)	11.2	26.3

Artisan International Equity Fund

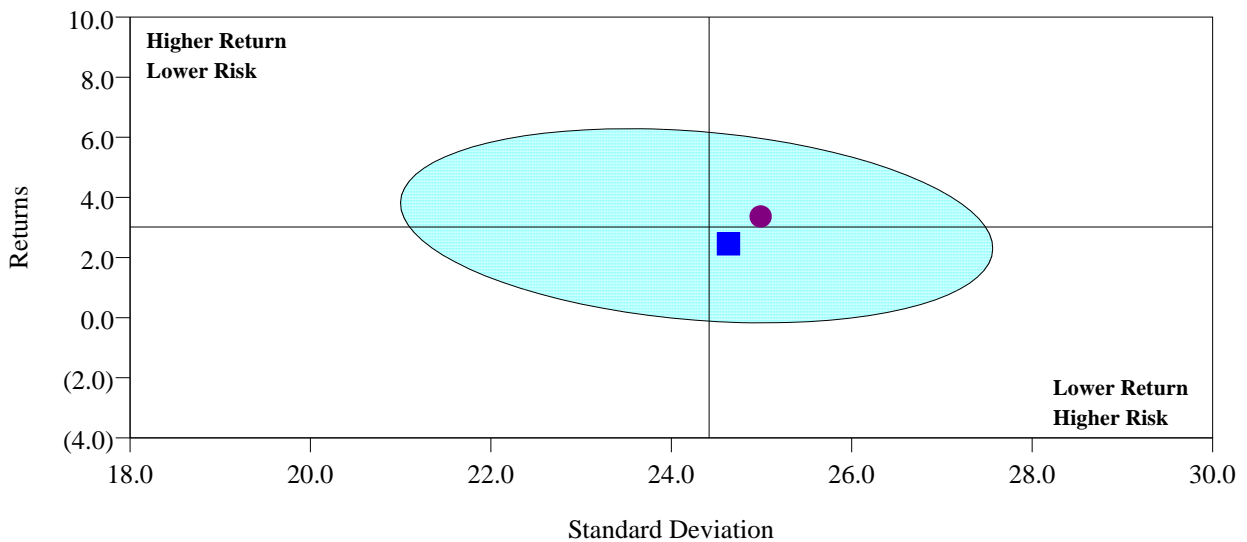
Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI MF - Intl Core Equity Style



10th Percentile	(3.1)	(2.0)	(3.5)	21.7	22.4
25th Percentile	(3.8)	(3.7)	(5.5)	18.9	20.2
Median	(5.8)	(4.9)	(6.8)	16.3	19.3
75th Percentile	(7.8)	(6.3)	(9.2)	14.1	16.6
90th Percentile	(9.5)	(9.3)	(11.9)	13.2	15.3

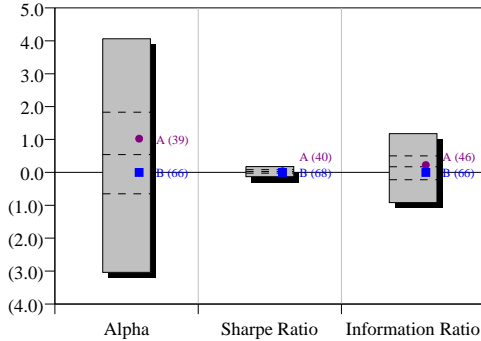
Artisan: Internatl; Inv ● A	(7.7)	(3.9)	(7.3)	20.5	19.8
MSCI:EAFE US\$ ■ B	(7.0)	(6.0)	(7.4)	16.8	19.9

Scatter Chart
for 5 Years Ended December 31, 2010



Artisan International Equity Fund

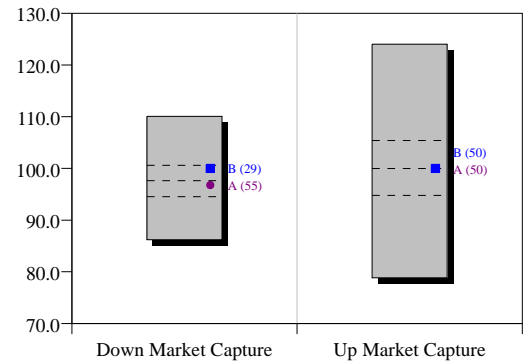
Statistics relative to MSCI:EAFE US\$
for 5 Years Ended December 31, 2010
Group: CAI MF - Intl Core Equity Style



10th Percentile	3.2	0.1	0.9
25th Percentile	1.8	0.1	0.5
Median	0.5	0.0	0.2
75th Percentile	(0.6)	0.0	(0.2)
90th Percentile	(1.9)	(0.1)	(0.6)

Artisan: Internat; Inv ● A **1.0** **0.0** **0.2**
 MSCI:EAFE US\$ ■ B 0.0 0.0 0.0

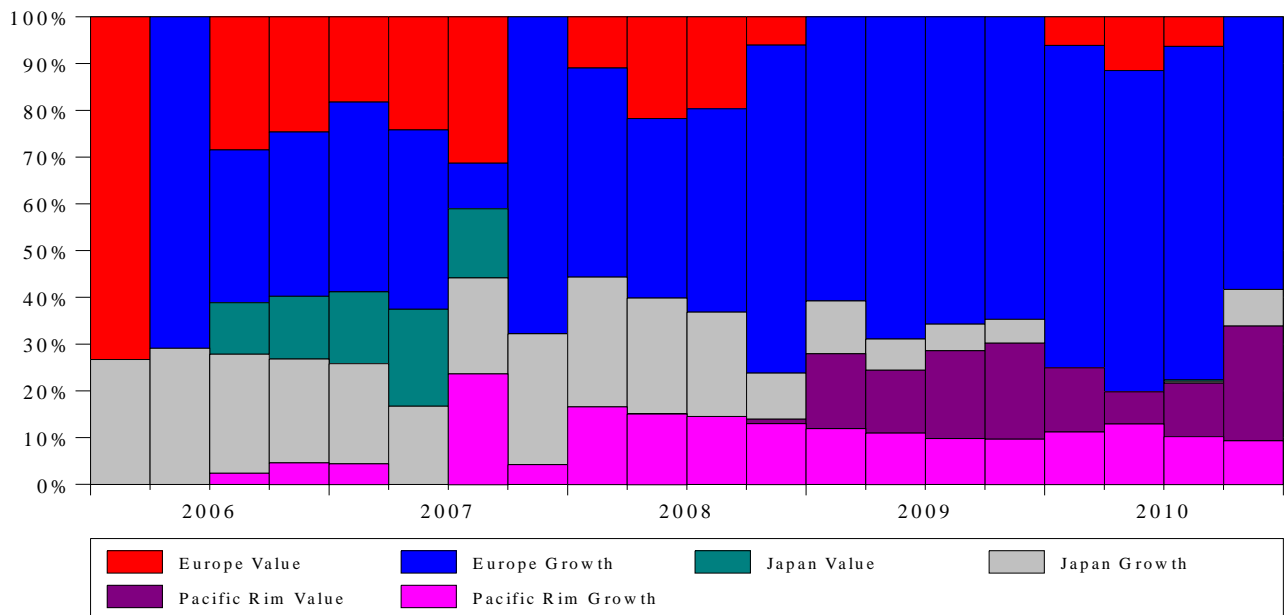
Statistics relative to MSCI:EAFE US\$
for 5 Years Ended December 31, 2010
Group: CAI MF - Intl Core Equity Style



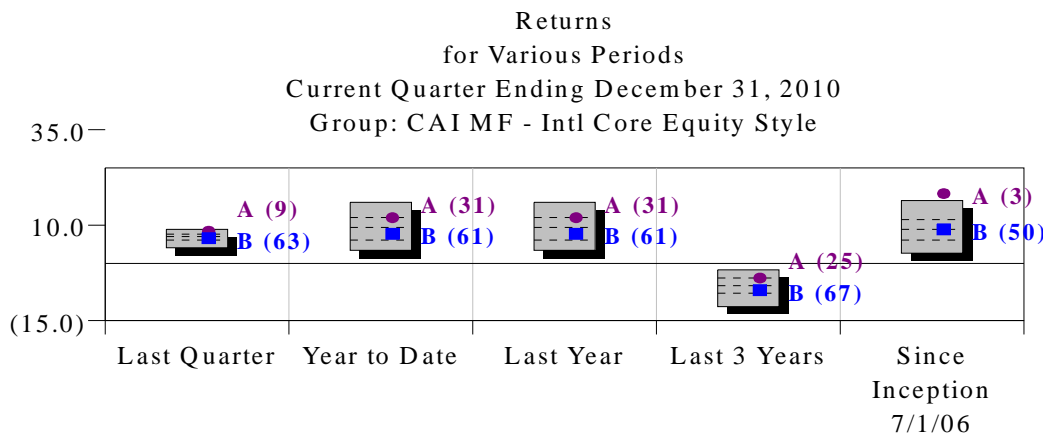
10th Percentile	105.8	113.1
25th Percentile	100.6	105.4
Median	97.6	100.0
75th Percentile	94.5	94.8
90th Percentile	87.1	83.3

Artisan: Internat; Inv ● A **96.8** **99.9**
 MSCI:EAFE US\$ ■ B 100.0 100.0

Rolling 12 Quarter International Equity Style
for 5 Years Ended December 31, 2010
Portfolio: Artisan: Internat; Inv

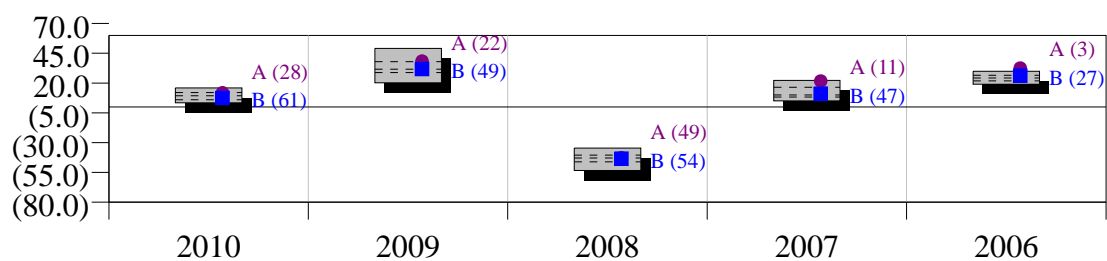


Harbor International Equity Fund



10th Percentile	8.4	15.3	15.3	(3.1)	13.3
25th Percentile	7.7	12.0	12.0	(3.8)	11.5
Median	7.0	9.4	9.4	(5.8)	8.9
75th Percentile	6.1	6.1	6.1	(7.8)	6.2
90th Percentile	5.4	4.7	4.7	(9.5)	5.2
Harbor International ● A	8.4	12.0	12.0	(3.8)	18.3
MSCI:EAFE US\$ ■ B	6.6	7.8	7.8	(7.0)	8.9

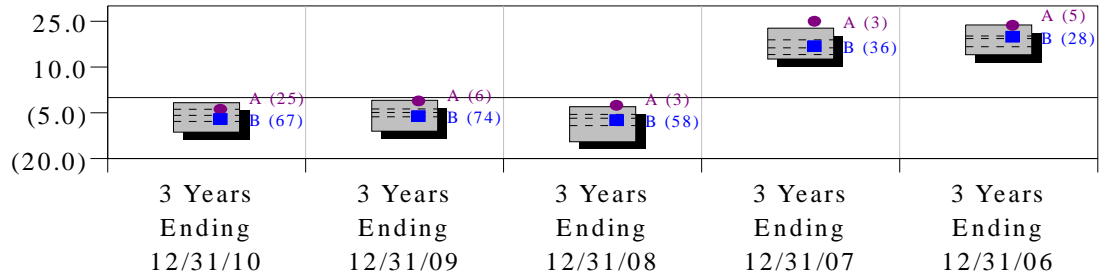
Returns for Calendar Years Group: CAI MF - Intl Core Equity Style



10th Percentile	15.3	41.4	(35.1)	21.9	28.7
25th Percentile	12.0	38.0	(40.3)	16.5	26.6
Median	9.4	31.7	(42.7)	10.2	24.5
75th Percentile	6.1	29.0	(46.1)	8.4	22.0
90th Percentile	4.7	22.7	(49.3)	5.7	20.2
Harbor: Intl; Inst ● A	12.0	38.6	(42.7)	21.8	32.7
MSCI:EAFE US\$ ■ B	7.8	31.8	(43.4)	11.2	26.3

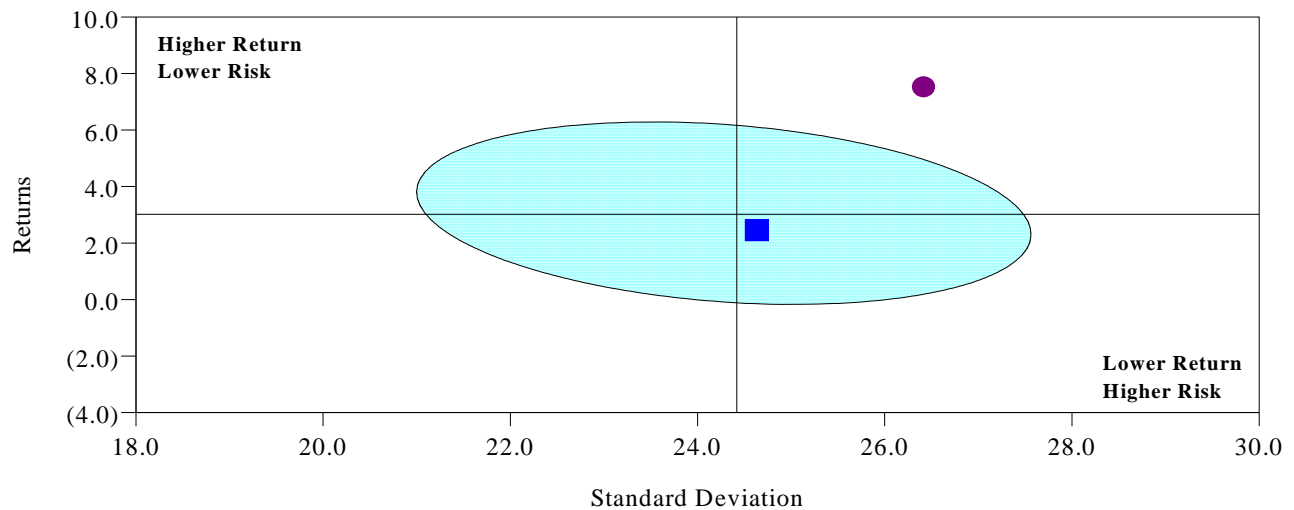
Harbor International Equity Fund

Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI MF - Intl Core Equity Style



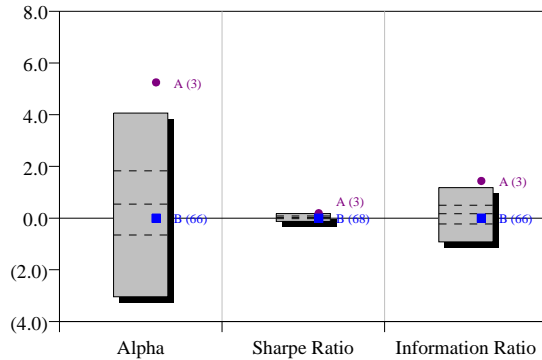
10th Percentile	(3.1)	(2.0)	(3.5)	21.7	22.4
25th Percentile	(3.8)	(3.7)	(5.5)	18.9	20.2
Median	(5.8)	(4.9)	(6.8)	16.3	19.3
75th Percentile	(7.8)	(6.3)	(9.2)	14.1	16.6
90th Percentile	(9.5)	(9.3)	(11.9)	13.2	15.3
Harbor: Intl; Inst	(3.8)	(1.1)	(2.5)	25.0	23.7
MSCI: EAFE US\$	(7.0)	(6.0)	(7.4)	16.8	19.9

Scatter Chart
for 5 Years Ended December 31, 2010



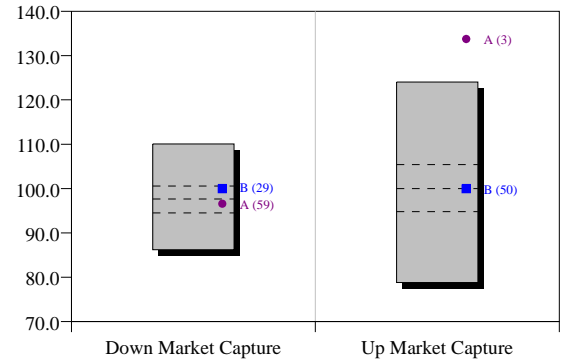
Harbor International Equity Fund

Statistics relative to MSCI:EAFE US\$
for 5 Years Ended December 31, 2010
Group: CAI MF - Intl Core Equity Style



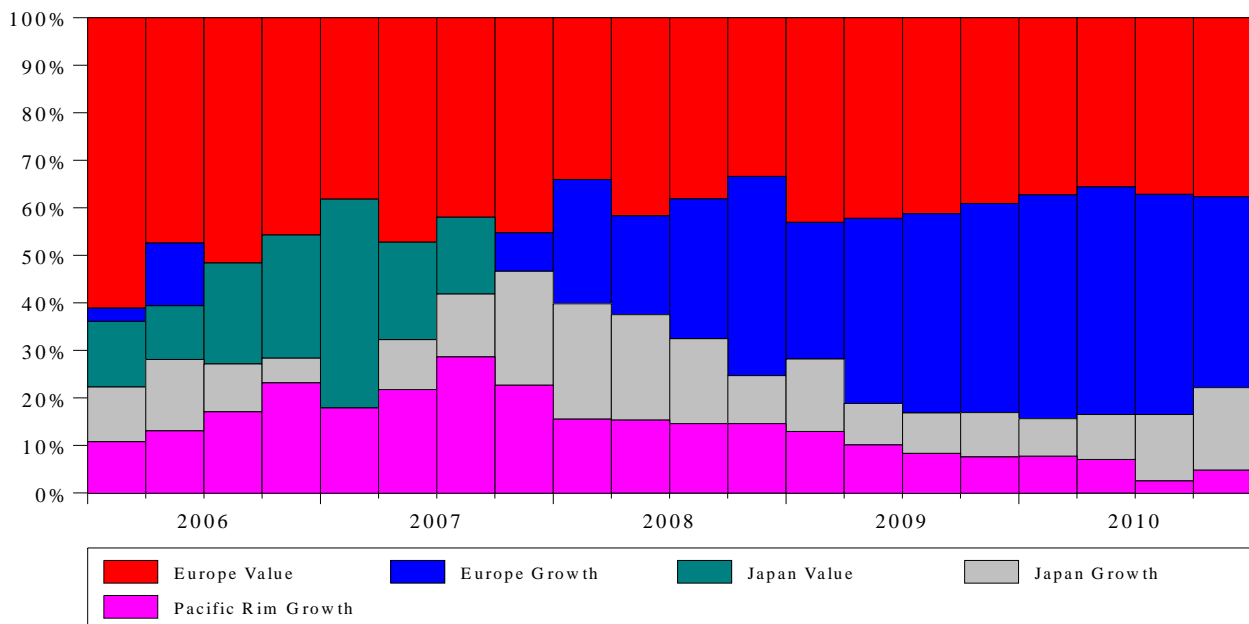
10th Percentile	3.2	0.1	0.9
25th Percentile	1.8	0.1	0.5
Median	0.5	0.0	0.2
75th Percentile	(0.6)	0.0	(0.2)
90th Percentile	(1.9)	(0.1)	(0.6)
Harbor:Intl;Inst ● A	5.3	0.2	1.4
MSCI:EAFE US\$ ■ B	0.0	0.0	0.0

Statistics relative to MSCI:EAFE US\$
for 5 Years Ended December 31, 2010
Group: CAI MF - Intl Core Equity Style



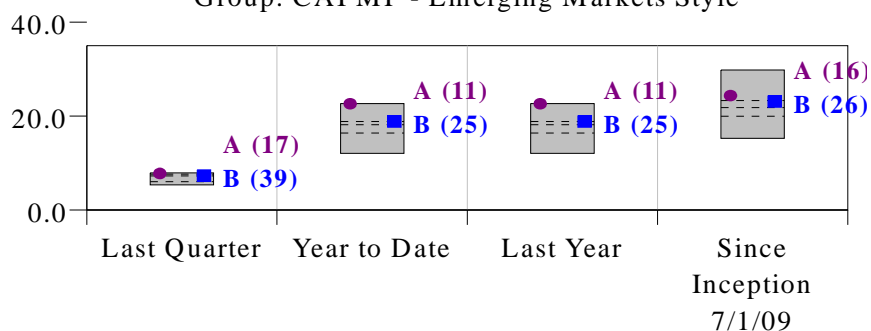
10th Percentile	105.8	113.1
25th Percentile	100.6	105.4
Median	97.6	100.0
75th Percentile	94.5	94.8
90th Percentile	87.1	83.3
Harbor:Intl;Inst ● A	96.6	133.8
MSCI:EAFE US\$ ■ B	100.0	100.0

Rolling 12 Quarter International Equity Style
for 5 Years Ended December 31, 2010
Portfolio: Harbor:Intl;Inst



Acadian Emerging Markets Equity Fund

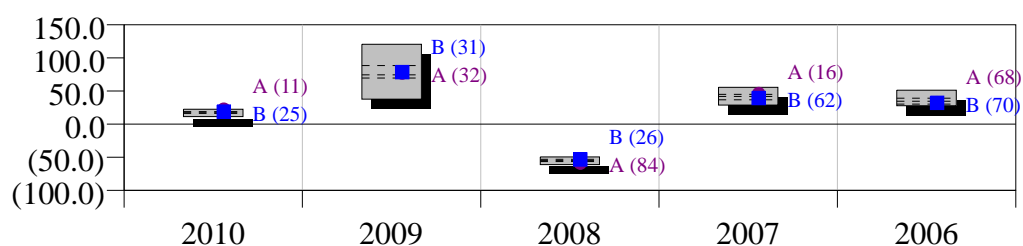
Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI MF - Emerging Markets Style



10th Percentile	7.9	22.7	22.7	29.8
25th Percentile	7.6	18.9	18.9	23.3
Median	7.2	18.2	18.2	21.8
75th Percentile	6.0	16.4	16.4	20.0
90th Percentile	5.4	12.1	12.1	15.3

Acadian Emerging Markets Fund ● A	7.8	22.6	22.6	24.4
MSCI:Emer Mkts -Net ■ B	7.3	18.9	18.9	23.2

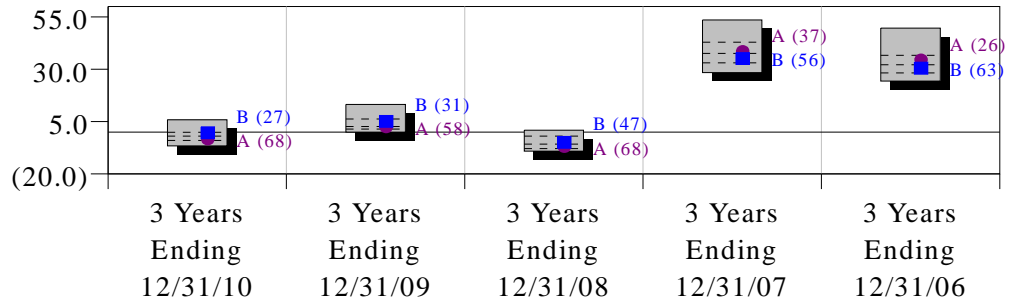
Returns for Calendar Years
Group: CAI MF - Emerging Markets Style



10th Percentile	22.7	114.9	(49.6)	49.6	47.3
25th Percentile	18.9	88.5	(53.1)	45.1	39.1
Median	18.2	74.5	(54.9)	41.8	34.6
75th Percentile	16.4	69.5	(56.4)	37.0	30.3
90th Percentile	12.1	64.2	(59.2)	30.0	28.2
Acadian Emrg Mkt;Inst ● A	22.6	77.1	(58.6)	46.0	32.7
MSCI:Emer Mkts -Net ■ B	18.9	78.5	(53.3)	39.4	32.2

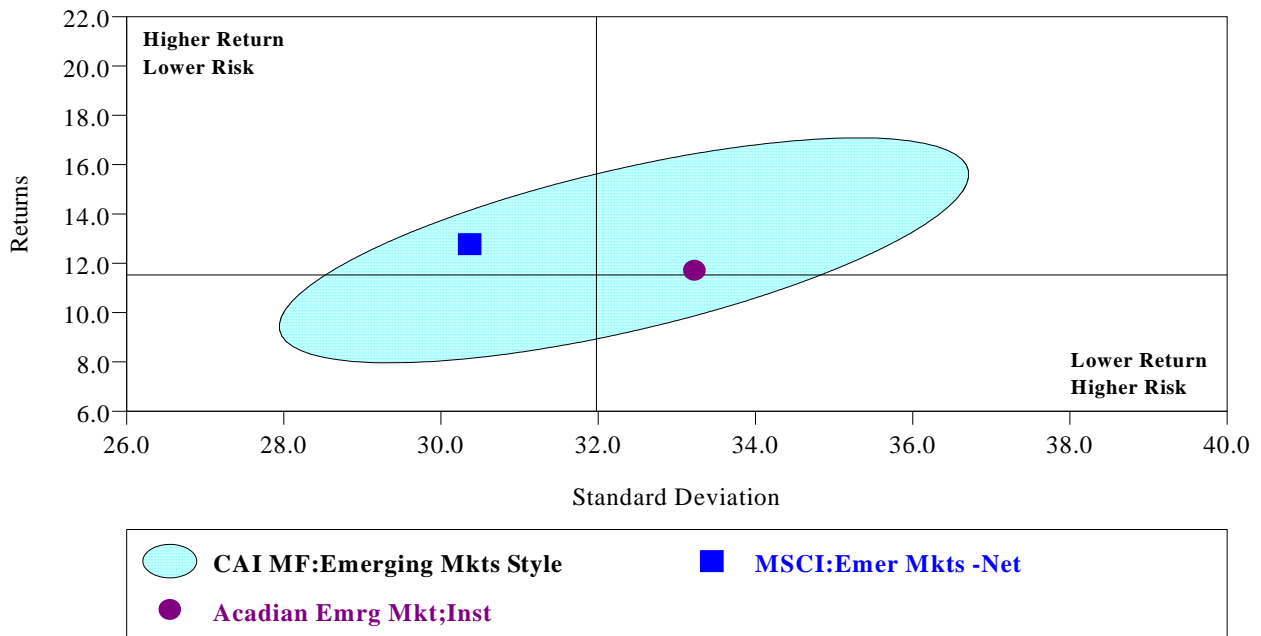
Acadian Emerging Markets Equity Fund

Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI MF - Emerging Markets Style



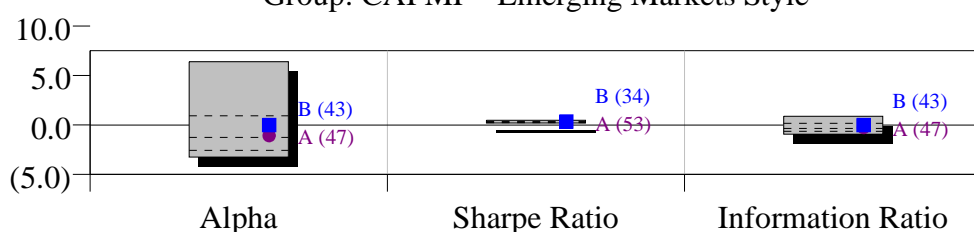
10th Percentile	4.2	12.3	0.0	49.4	48.4
25th Percentile	(0.1)	6.2	(2.0)	42.9	36.7
Median	(2.0)	2.6	(5.8)	37.6	32.1
75th Percentile	(4.0)	1.5	(7.9)	33.1	28.2
90th Percentile	(6.3)	0.3	(8.9)	29.0	27.0
Acadian Emrg Mkt;Inst ● A	(3.5)	2.3	(7.1)	38.7	34.7
MSCI:Emer Mkts -Net ■ B	(0.3)	5.1	(4.9)	35.2	30.5

Scatter Chart
for 5 Years Ended December 31, 2010



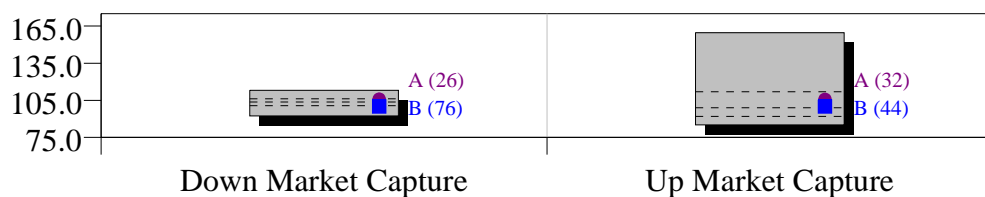
Acadian Emerging Markets Equity Fund

Statistics relative to MSCI:Emer Mkts -Net
for 5 Years Ended December 31, 2010
Group: CAI MF - Emerging Markets Style



	Alpha	Sharpe Ratio	Information Ratio
10th Percentile	6.4	0.5	0.7
25th Percentile	0.9	0.4	0.2
Median	(1.3)	0.3	(0.3)
75th Percentile	(2.6)	0.2	(0.7)
90th Percentile	(3.1)	0.2	(0.8)
Acadian Emrg Mkt;Inst ● A	(1.1)	0.3	(0.2)
MSCI:Emer Mkts -Net ■ B	0.0	0.3	0.0

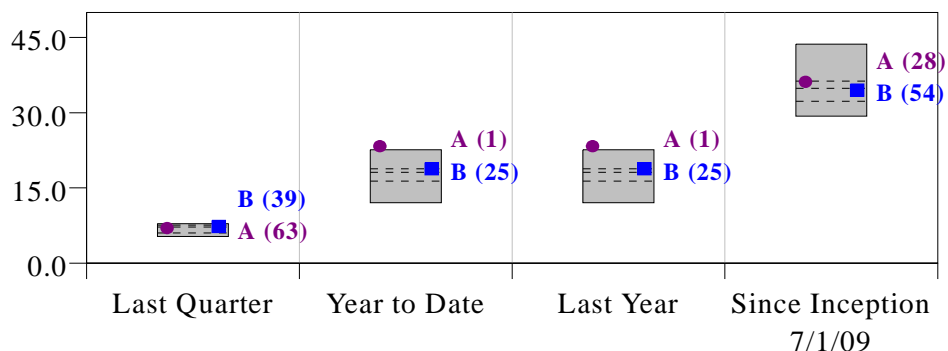
Statistics relative to MSCI:Emer Mkts -Net
for 5 Years Ended December 31, 2010
Group: CAI MF - Emerging Markets Style



	Down Market Capture	Up Market Capture
10th Percentile	109.0	159.7
25th Percentile	106.2	112.0
Median	103.6	99.0
75th Percentile	100.7	92.0
90th Percentile	93.9	85.2
Acadian Emrg Mkt;Inst ● A	106.0	105.8
MSCI:Emer Mkts -Net ■ B	100.0	100.0

Eaton Vance Tax-Managed Emerging Markets Equity Fund

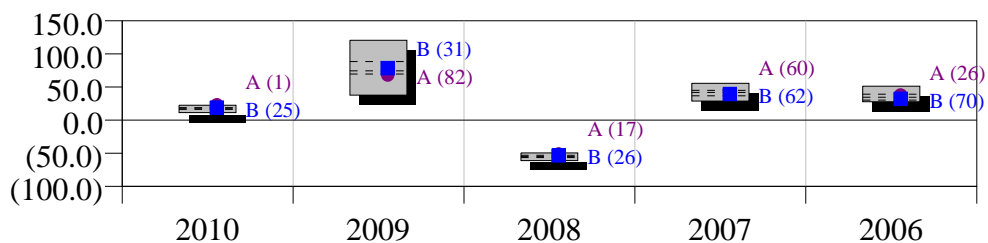
Returns
for Periods Ended December 31, 2010
Group: CAI MF - Emerging Markets Style



10th Percentile	7.9	22.7	22.7	43.7
25th Percentile	7.6	18.9	18.9	36.3
Median	7.2	18.2	18.2	34.9
75th Percentile	6.0	16.4	16.4	32.3
90th Percentile	5.4	12.1	12.1	29.4

Eaton Vance TM EM Fund ● A	7.0	23.3	23.3	36.2
MSCI:Emer Mkts -Net ■ B	7.3	18.9	18.9	34.5

Returns for Calendar Years
Group: CAI MF - Emerging Markets Style

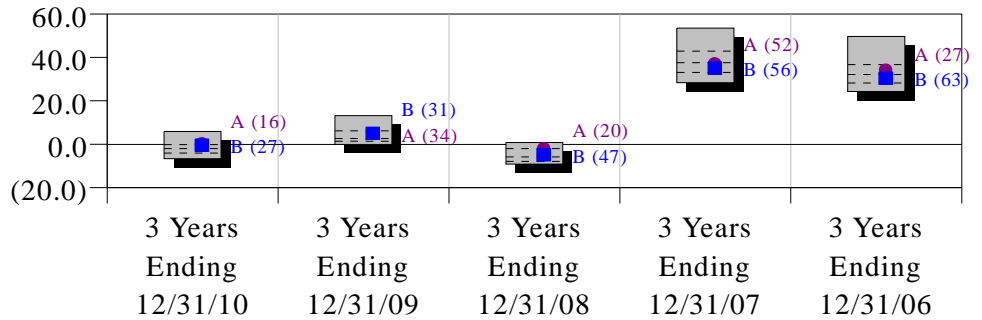


10th Percentile	22.7	114.9	(49.6)	49.6	47.3
25th Percentile	18.9	88.5	(53.1)	45.1	39.1
Median	18.2	74.5	(54.9)	41.8	34.6
75th Percentile	16.4	69.5	(56.4)	37.0	30.3
90th Percentile	12.1	64.2	(59.2)	30.0	28.2

Eaton Vance Pm TM EM;I ● A	23.3	68.2	(51.0)	40.2	38.0
MSCI:Emer Mkts -Net ■ B	18.9	78.5	(53.3)	39.4	32.2

Eaton Vance Tax-Managed Emerging Markets Equity Fund

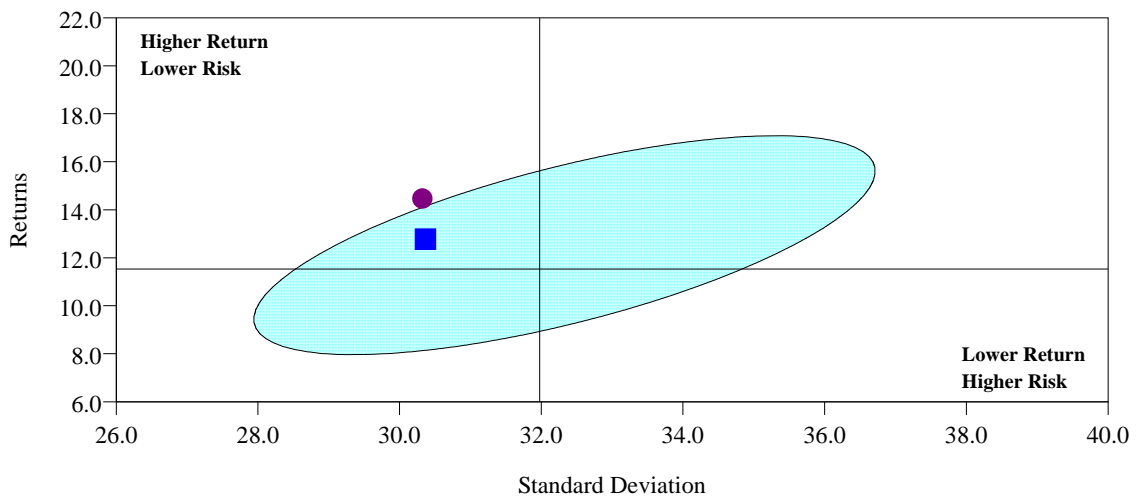
Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI MF - Emerging Markets Style



10th Percentile	4.2	12.3	0.0	49.4	48.4
25th Percentile	(0.1)	6.2	(2.0)	42.9	36.7
Median	(2.0)	2.6	(5.8)	37.6	32.1
75th Percentile	(4.0)	1.5	(7.9)	33.1	28.2
90th Percentile	(6.3)	0.3	(8.9)	29.0	27.0

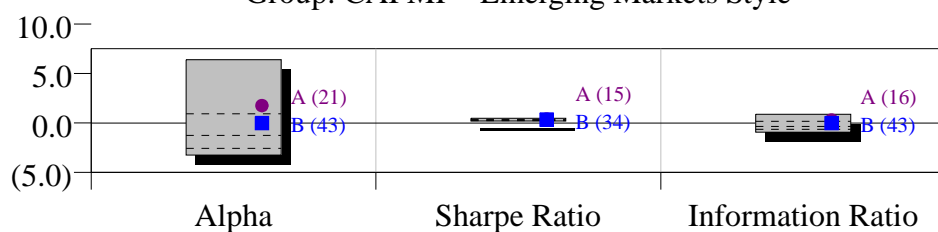
Eaton Vance Pm TM EM;I ● A	0.5	4.9	(1.8)	37.3	34.4
MSCI:Emer Mkts -Net ■ B	(0.3)	5.1	(4.9)	35.2	30.5

Scatter Chart
for 5 Years Ended December 31, 2010



Eaton Vance Tax-Managed Emerging Markets Equity Fund

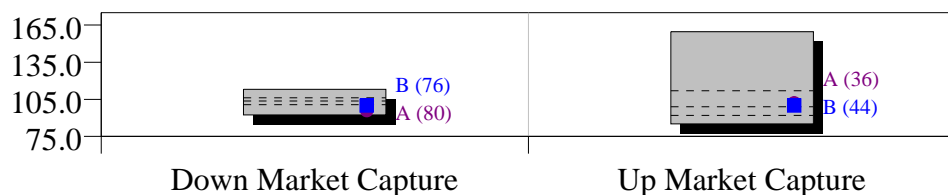
Statistics relative to MSCI:Emer Mkts -Net
for 5 Years Ended December 31, 2010
Group: CAI MF - Emerging Markets Style



	Alpha	Sharpe Ratio	Information Ratio
10th Percentile	6.4	0.5	0.7
25th Percentile	0.9	0.4	0.2
Median	(1.3)	0.3	(0.3)
75th Percentile	(2.6)	0.2	(0.7)
90th Percentile	(3.1)	0.2	(0.8)

Eaton Vance Pm TM EM;I ● A	1.8	0.4	0.3
MSCI:Emer Mkts -Net ■ B	0.0	0.3	0.0

Statistics relative to MSCI:Emer Mkts -Net
for 5 Years Ended December 31, 2010
Group: CAI MF - Emerging Markets Style

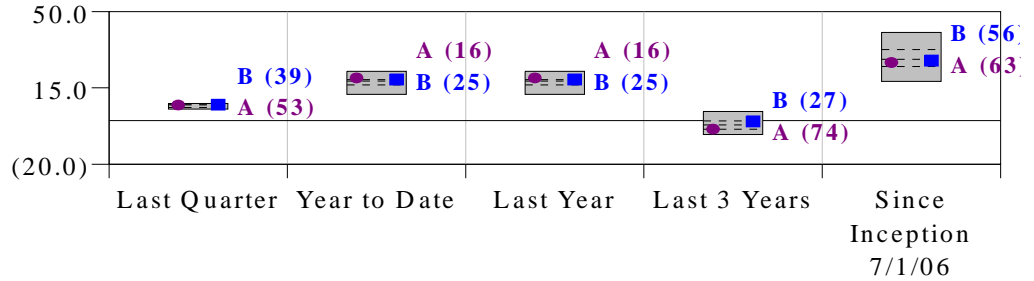


	Down Market Capture	Up Market Capture
10th Percentile	109.0	159.7
25th Percentile	106.2	112.0
Median	103.6	99.0
75th Percentile	100.7	92.0
90th Percentile	93.9	85.2

Eaton Vance Pm TM EM;I ● A	95.9	102.3
MSCI:Emer Mkts -Net ■ B	100.0	100.0

SSgA Emerging Markets Equity Fund

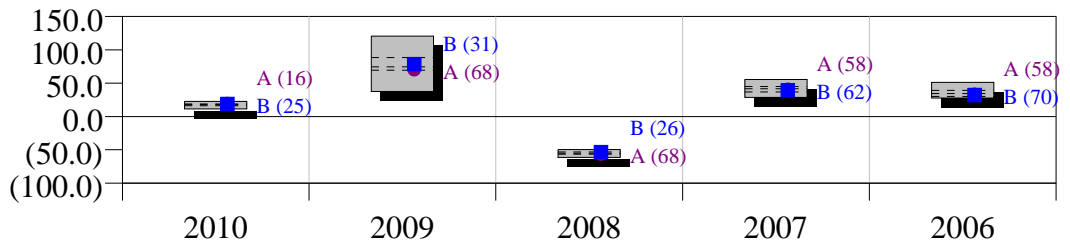
Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI MF - Emerging Markets Style



10th Percentile	7.9	22.7	22.7	4.2	40.5
25th Percentile	7.6	18.9	18.9	(0.1)	32.6
Median	7.2	18.2	18.2	(2.0)	28.1
75th Percentile	6.0	16.4	16.4	(4.0)	24.8
90th Percentile	5.4	12.1	12.1	(6.3)	18.0

SSgA Emerging Markets	● A	7.2	19.6	19.6	(3.8)	26.7
MSCI:Emer Mkts -Net	■ B	7.3	18.9	18.9	(0.3)	27.5

Returns for Calendar Years
Group: CAI MF - Emerging Markets Style

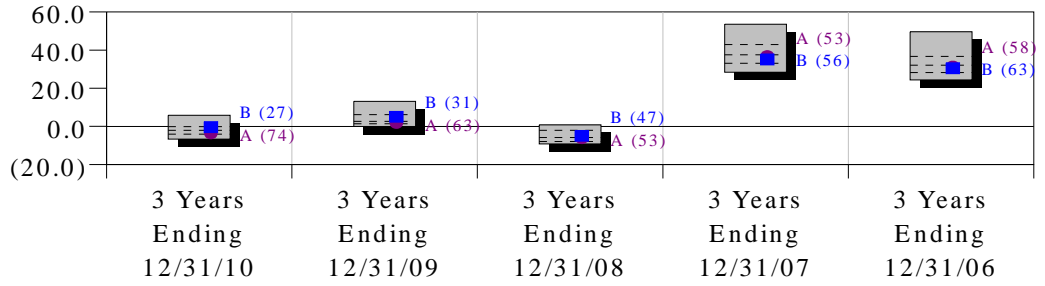


10th Percentile	22.7	114.9	(49.6)	49.6	47.3
25th Percentile	18.9	88.5	(53.1)	45.1	39.1
Median	18.2	74.5	(54.9)	41.8	34.6
75th Percentile	16.4	69.5	(56.4)	37.0	30.3
90th Percentile	12.1	64.2	(59.2)	30.0	28.2

SSgA:Emerg Mkts;I	● A	19.6	70.3	(56.3)	41.0	33.5
MSCI:Emer Mkts -Net	■ B	18.9	78.5	(53.3)	39.4	32.2

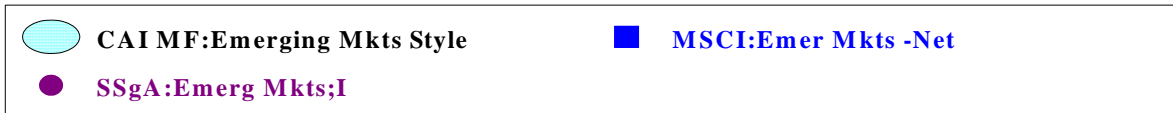
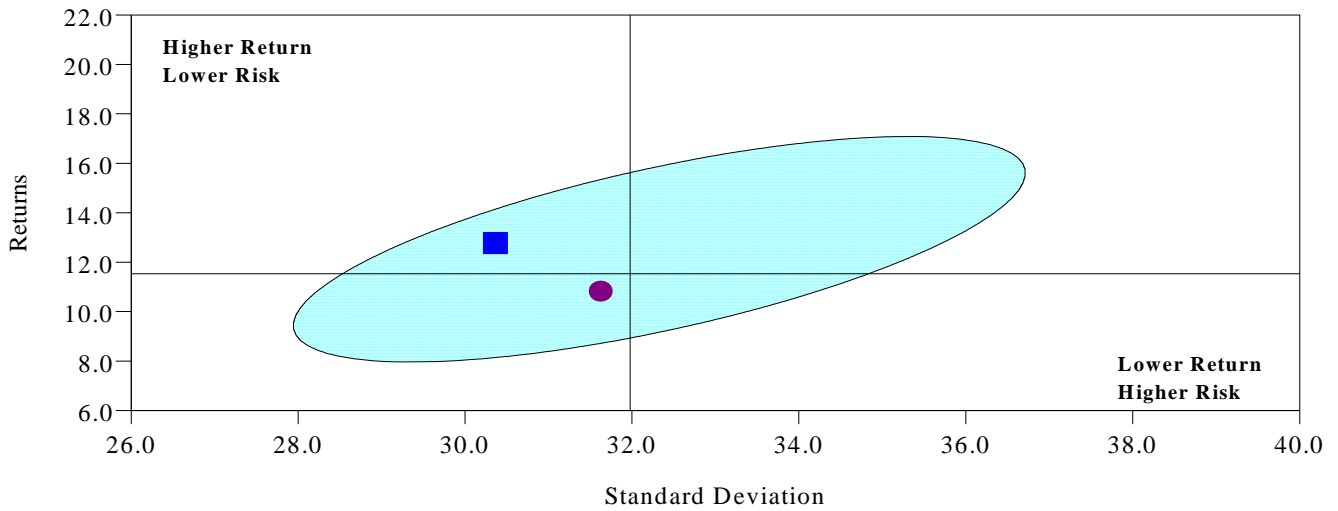
SSgA Emerging Markets Equity Fund

Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI MF - Emerging Markets Style



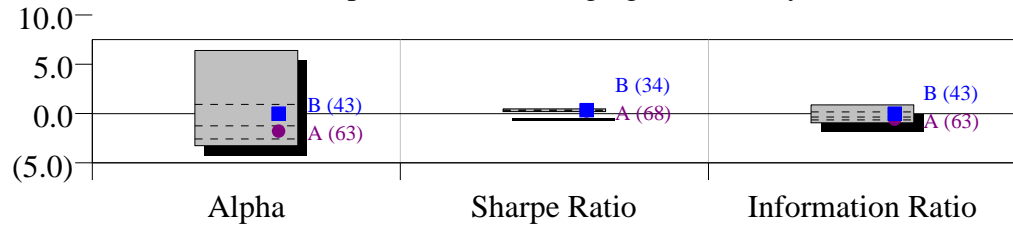
	3 Years Ending 12/31/10	3 Years Ending 12/31/09	3 Years Ending 12/31/08	3 Years Ending 12/31/07	3 Years Ending 12/31/06
10th Percentile	4.2	12.3	0.0	49.4	48.4
25th Percentile	(0.1)	6.2	(2.0)	42.9	36.7
Median	(2.0)	2.6	(5.8)	37.6	32.1
75th Percentile	(4.0)	1.5	(7.9)	33.1	28.2
90th Percentile	(6.3)	0.3	(8.9)	29.0	27.0
SSgA:Emerg Mkts;I ● A	(3.8)	1.6	(6.3)	37.2	31.7
MSCI:Emer Mkts -Net ■ B	(0.3)	5.1	(4.9)	35.2	30.5

Scatter Chart
for 5 Years Ended December 31, 2010



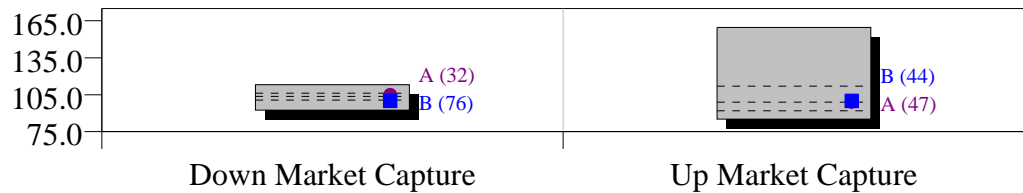
SSgA Emerging Markets Equity Fund

Statistics relative to MSCI:Emer Mkts -Net
for 5 Years Ended December 31, 2010
Group: CAI MF - Emerging Markets Style



	Alpha	Sharpe Ratio	Information Ratio
10th Percentile	6.4	0.5	0.7
25th Percentile	0.9	0.4	0.2
Median	(1.3)	0.3	(0.3)
75th Percentile	(2.6)	0.2	(0.7)
90th Percentile	(3.1)	0.2	(0.8)
SSgA:Emerg Mkts;I ● A	(1.8)	0.3	(0.6)
MSCI:Emer Mkts -Net ■ B	0.0	0.3	0.0

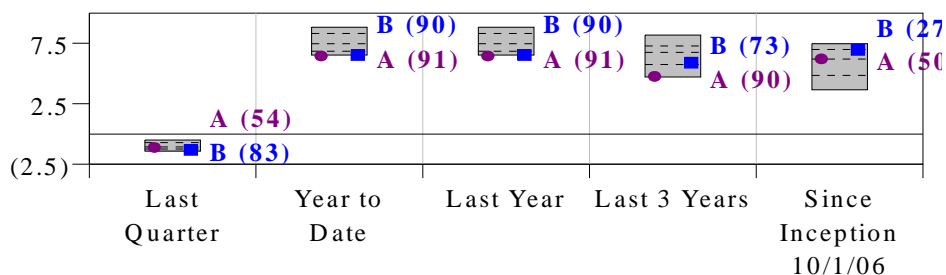
Statistics relative to MSCI:Emer Mkts -Net
for 5 Years Ended December 31, 2010
Group: CAI MF - Emerging Markets Style



	Down Market Capture	Up Market Capture
10th Percentile	109.0	159.7
25th Percentile	106.2	112.0
Median	103.6	99.0
75th Percentile	100.7	92.0
90th Percentile	93.9	85.2
SSgA:Emerg Mkts;I ● A	105.3	99.0
MSCI:Emer Mkts -Net ■ B	100.0	100.0

Atlantic Asset Management Core Fixed Income

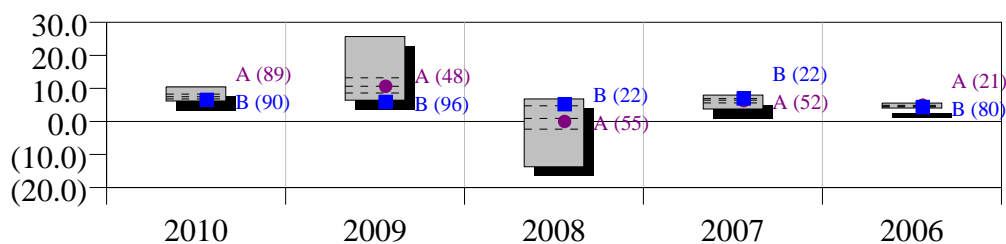
Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI Core Bond Fixed-Inc Style



	Last Quarter	Year to Date	Last Year	Last 3 Years	Since Inception 10/1/06
10th Percentile	(0.5)	8.8	8.8	8.2	7.5
25th Percentile	(0.7)	8.3	8.3	7.3	7.0
Median	(1.1)	7.5	7.5	6.8	6.2
75th Percentile	(1.2)	6.8	6.8	5.7	4.8
90th Percentile	(1.4)	6.5	6.5	4.7	3.7

Atlantic Asset Management	A	(1.1)	6.5	6.5	4.8	6.2
BC:Aggr Bd	B	(1.3)	6.5	6.5	5.9	7.0

Returns for Calendar Years
Group: CAI Core Bond Fixed-Inc Style

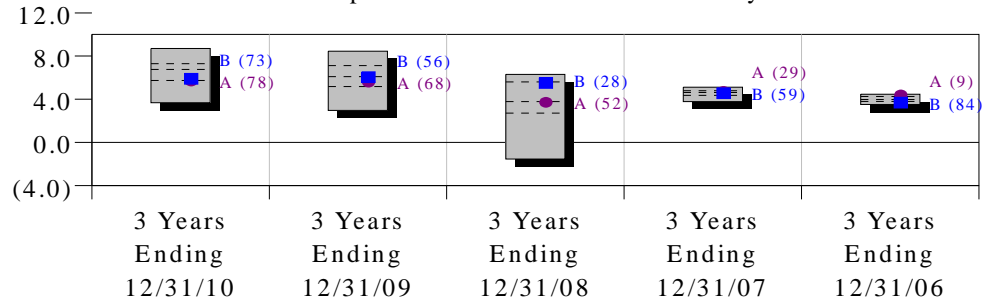


	2010	2009	2008	2007	2006
10th Percentile	8.8	17.4	6.5	7.4	5.4
25th Percentile	8.3	13.2	4.8	6.9	4.9
Median	7.5	10.7	1.0	6.5	4.6
75th Percentile	6.8	8.7	(2.3)	5.6	4.4
90th Percentile	6.5	7.1	(6.1)	4.3	4.2

Atlantic:Core Fixed Inc	A	6.6	10.7	0.0	6.3	4.9
BC:Aggr Bd	B	6.5	5.9	5.2	7.0	4.3

Atlantic Asset Management Core Fixed Income (Composite)

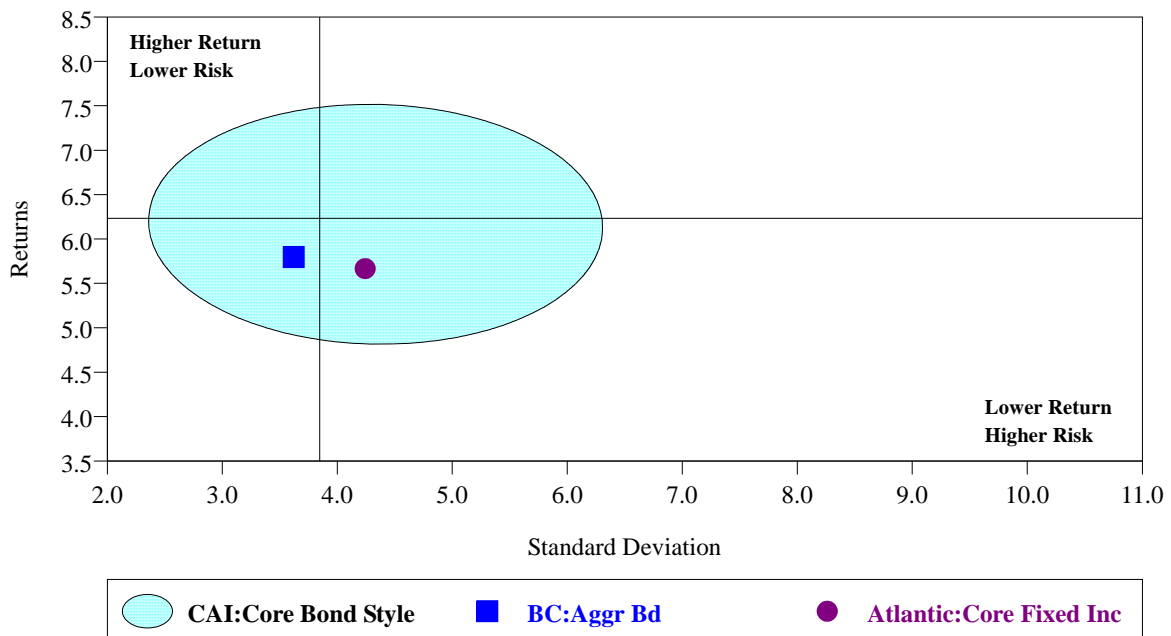
Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI Core Bond Fixed-Inc Style



10th Percentile	8.2	7.7	6.0	4.8	4.4
25th Percentile	7.3	7.1	5.6	4.8	4.3
Median	6.8	6.1	3.8	4.6	4.0
75th Percentile	5.7	5.2	2.7	4.4	3.8
90th Percentile	4.7	3.7	1.2	4.0	3.6

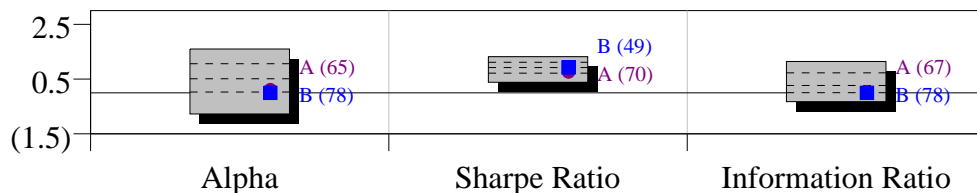
Atlantic:Core Fixed Inc ● A	5.7	5.6	3.7	4.7	4.4
BC:Aggr Bd ■ B	5.9	6.0	5.5	4.6	3.7

Scatter Chart
for 5 Years Ended December 31, 2010



Atlantic Asset Management Core Fixed Income (Composite)

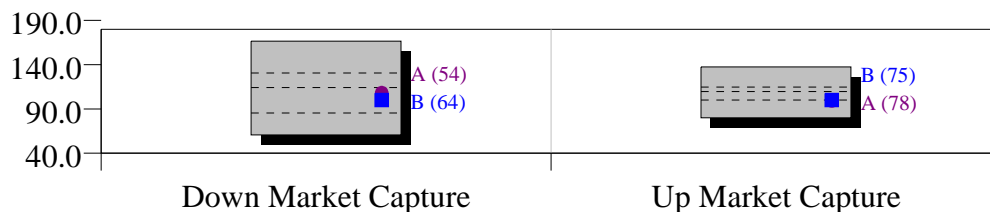
Statistics relative to BC:Aggr Bd
for 5 Years Ended December 31, 2010
Group: CAI Core Bond Fixed-Inc Style



	Alpha	Sharpe Ratio	Information Ratio
10th Percentile	1.4	1.3	1.1
25th Percentile	1.1	1.1	0.7
Median	0.5	0.9	0.3
75th Percentile	0.0	0.7	0.0
90th Percentile	(0.6)	0.5	(0.2)

Atlantic:Core Fixed Inc ● A	0.1	0.8	0.0
BC:Aggr Bd ■ B	0.0	0.9	0.0

Statistics relative to BC:Aggr Bd
for 5 Years Ended December 31, 2010
Group: CAI Core Bond Fixed-Inc Style

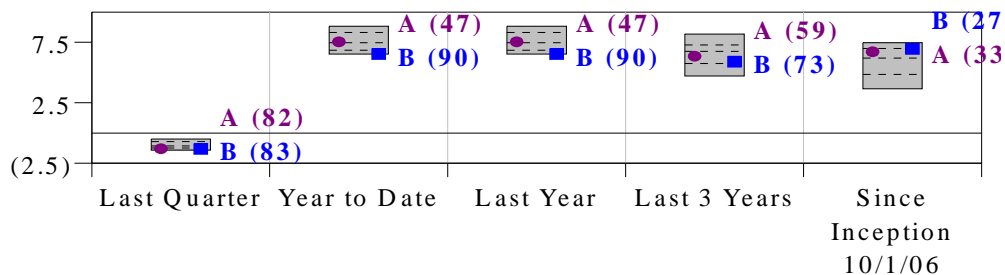


	Down Market Capture	Up Market Capture
10th Percentile	152.2	127.4
25th Percentile	130.8	114.8
Median	114.2	109.6
75th Percentile	85.6	100.2
90th Percentile	72.8	90.4

Atlantic:Core Fixed Inc ● A	108.6	99.0
BC:Aggr Bd ■ B	100.0	100.0

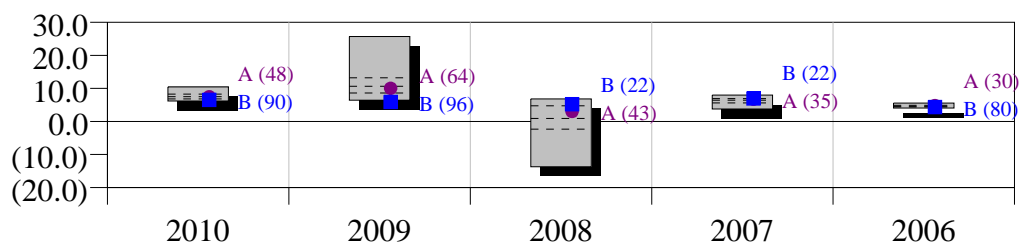
Richmond Capital Management Core Fixed Income

Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI Core Bond Fixed-Inc Style



10th Percentile	(0.5)	8.8	8.8	8.2	7.5
25th Percentile	(0.7)	8.3	8.3	7.3	7.0
Median	(1.1)	7.5	7.5	6.8	6.2
75th Percentile	(1.2)	6.8	6.8	5.7	4.8
90th Percentile	(1.4)	6.5	6.5	4.7	3.7
Richmond Capital Mgmt	● A	(1.3)	7.6	7.6	6.4
BC:Aggr Bd	■ B	(1.3)	6.5	6.5	5.9

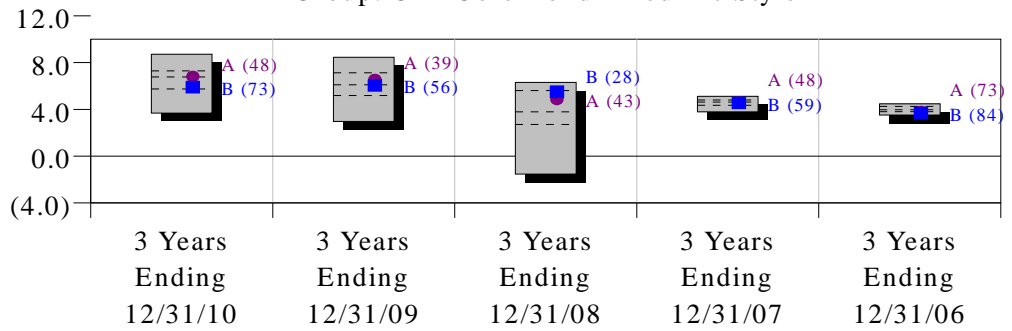
Returns for Calendar Years
Group: CAI Core Bond Fixed-Inc Style



10th Percentile	8.8	17.4	6.5	7.4	5.4
25th Percentile	8.3	13.2	4.8	6.9	4.9
Median	7.5	10.7	1.0	6.5	4.6
75th Percentile	6.8	8.7	(2.3)	5.6	4.4
90th Percentile	6.5	7.1	(6.1)	4.3	4.2
Richmond:Core Broad	● A	7.5	10.0	3.0	6.7
BC:Aggr Bd	■ B	6.5	5.9	5.2	7.0

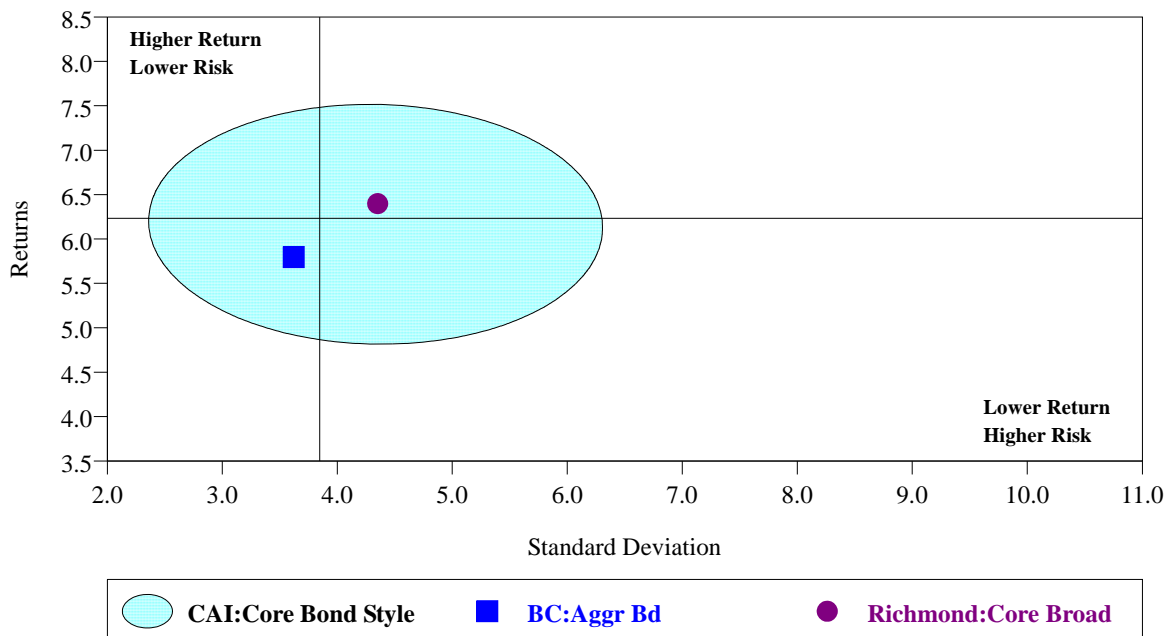
Richmond Capital Management Core Fixed Income

Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI Core Bond Fixed-Inc Style



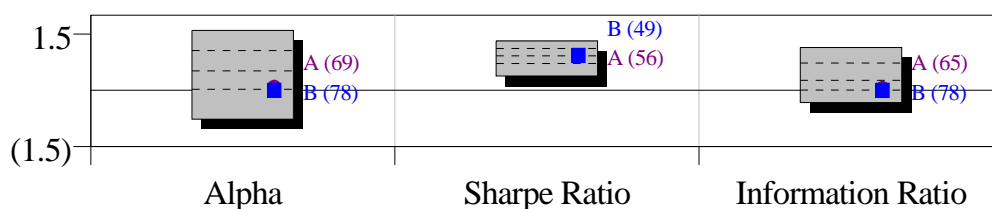
	3 Years Ending 12/31/10	3 Years Ending 12/31/09	3 Years Ending 12/31/08	3 Years Ending 12/31/07	3 Years Ending 12/31/06
10th Percentile	8.2	7.7	6.0	4.8	4.4
25th Percentile	7.3	7.1	5.6	4.8	4.3
Median	6.8	6.1	3.8	4.6	4.0
75th Percentile	5.7	5.2	2.7	4.4	3.8
90th Percentile	4.7	3.7	1.2	4.0	3.6
Richmond:Core Broad ● A	6.8	6.6	4.9	4.6	3.8
BC:Aggr Bd ■ B	5.9	6.0	5.5	4.6	3.7

Scatter Chart
for 5 Years Ended December 31, 2010



Richmond Capital Management Core Fixed Income

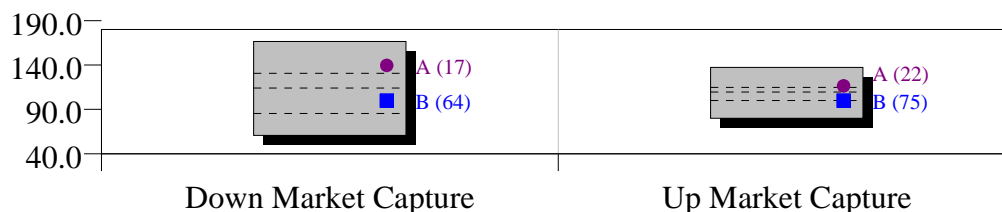
Statistics relative to BC:Aggr Bd
for 5 Years Ended December 31, 2010
Group: CAI Core Bond Fixed-Inc Style



10th Percentile	1.4	1.3	1.1
25th Percentile	1.1	1.1	0.7
Median	0.5	0.9	0.3
75th Percentile	0.0	0.7	0.0
90th Percentile	(0.6)	0.5	(0.2)

Richmond:Core Broad ● A	0.1	0.9	0.1
BC:Aggr Bd ■ B	0.0	0.9	0.0

Statistics relative to BC:Aggr Bd
for 5 Years Ended December 31, 2010
Group: CAI Core Bond Fixed-Inc Style

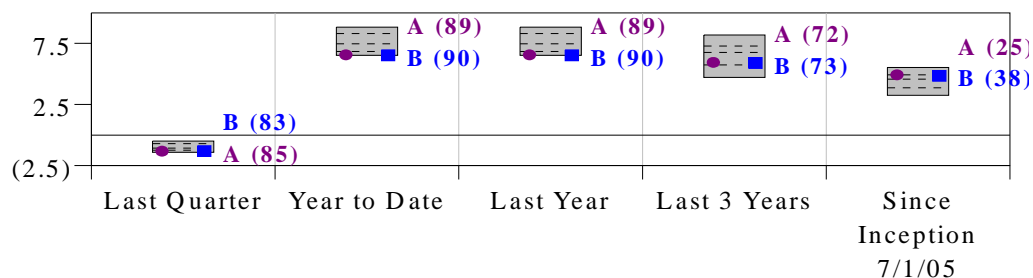


10th Percentile	152.2	127.4
25th Percentile	130.8	114.8
Median	114.2	109.6
75th Percentile	85.6	100.2
90th Percentile	72.8	90.4

Richmond:Core Broad ● A	139.6	116.7
BC:Aggr Bd ■ B	100.0	100.0

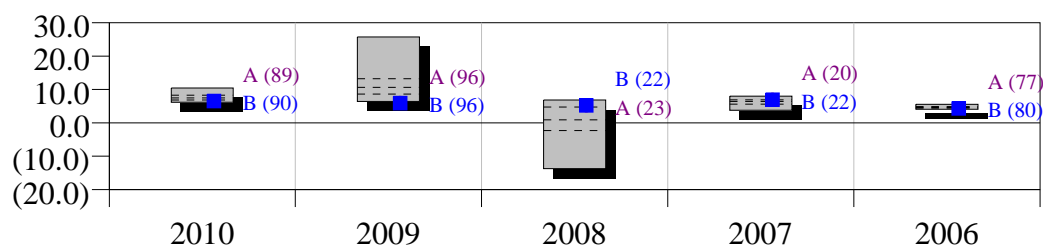
Vanguard Total Bond Index Fund

Returns
for Various Periods
Current Quarter Ending December 31, 2010
Group: CAI Core Bond Fixed-Inc Style



10th Percentile	(0.5)	8.8	8.8	8.2	5.5
25th Percentile	(0.7)	8.3	8.3	7.3	4.9
Median	(1.1)	7.5	7.5	6.8	4.6
75th Percentile	(1.2)	6.8	6.8	5.7	3.9
90th Percentile	(1.4)	6.5	6.5	4.7	3.3
Vanguard Total Bond ● A	(1.3)	6.6	6.6	5.9	4.9
BC:Aggr Bd ■ B	(1.3)	6.5	6.5	5.9	4.9

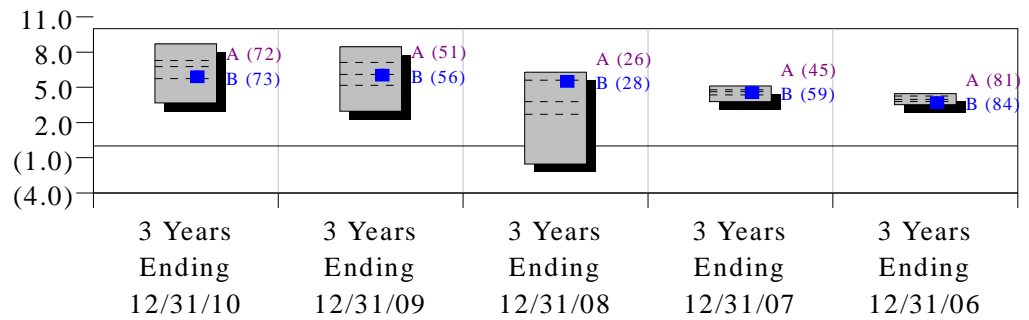
Returns for Calendar Years
Group: CAI Core Bond Fixed-Inc Style



10th Percentile	8.8	17.4	6.5	7.4	5.4
25th Percentile	8.3	13.2	4.8	6.9	4.9
Median	7.5	10.7	1.0	6.5	4.6
75th Percentile	6.8	8.7	(2.3)	5.6	4.4
90th Percentile	6.5	7.1	(6.1)	4.3	4.2
Vanguard Tot Bd;Inst ● A	6.6	6.1	5.2	7.1	4.4
BC:Aggr Bd ■ B	6.5	5.9	5.2	7.0	4.3

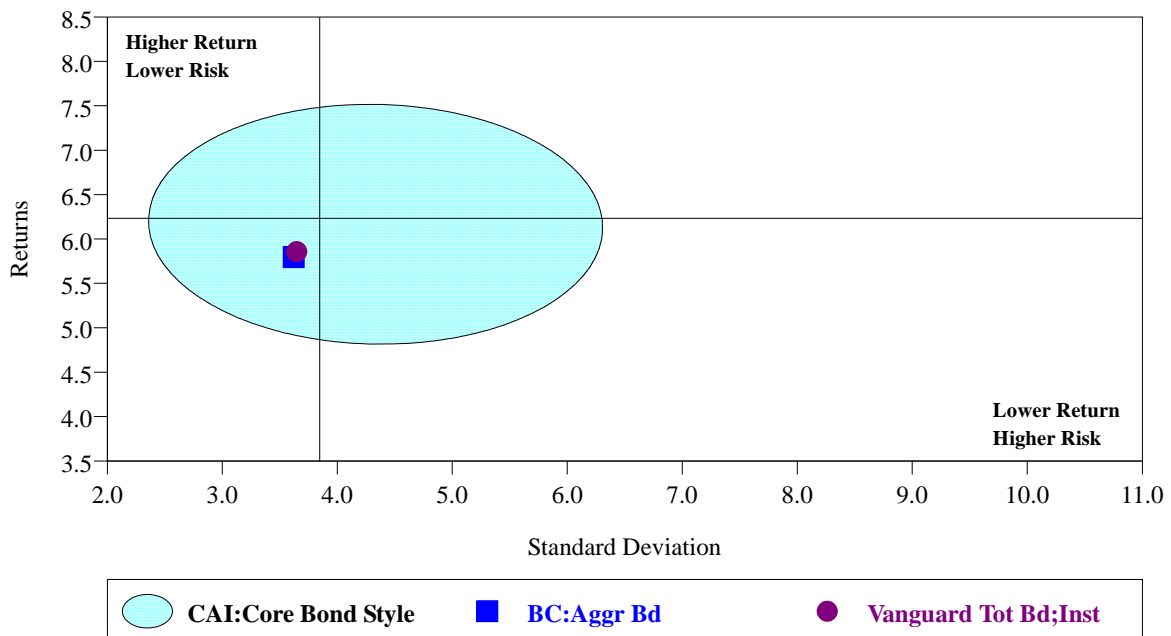
Vanguard Total Bond Index Fund

Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI Core Bond Fixed-Inc Style



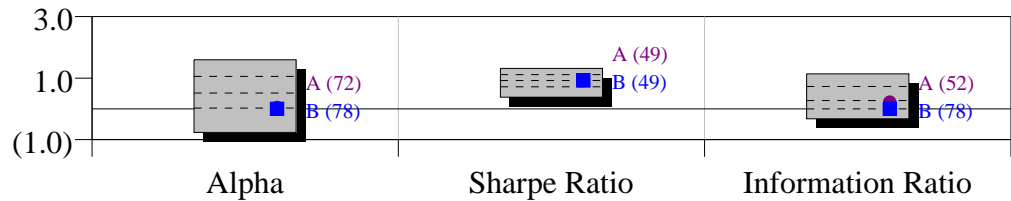
	3 Years Ending 12/31/10	3 Years Ending 12/31/09	3 Years Ending 12/31/08	3 Years Ending 12/31/07	3 Years Ending 12/31/06
10th Percentile	8.2	7.7	6.0	4.8	4.4
25th Percentile	7.3	7.1	5.6	4.8	4.3
Median	6.8	6.1	3.8	4.6	4.0
75th Percentile	5.7	5.2	2.7	4.4	3.8
90th Percentile	4.7	3.7	1.2	4.0	3.6
Vanguard Tot Bd;Inst ● A	6.0	6.1	5.5	4.6	3.8
BC:Aggr Bd ■ B	5.9	6.0	5.5	4.6	3.7

Scatter Chart
for 5 Years Ended December 31, 2010



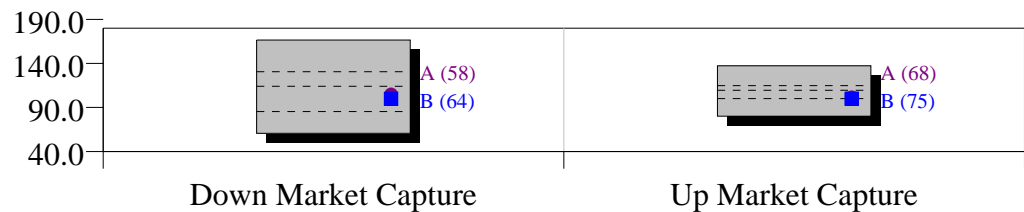
Vanguard Total Bond Index Fund

Statistics relative to BC:Aggr Bd
for 5 Years Ended December 31, 2010
Group: CAI Core Bond Fixed-Inc Style



10th Percentile	1.4	1.3	1.1
25th Percentile	1.1	1.1	0.7
Median	0.5	0.9	0.3
75th Percentile	0.0	0.7	0.0
90th Percentile	(0.6)	0.5	(0.2)
Vanguard Tot Bd;Inst ● A	0.0	0.9	0.2
BC:Aggr Bd ■ B	0.0	0.9	0.0

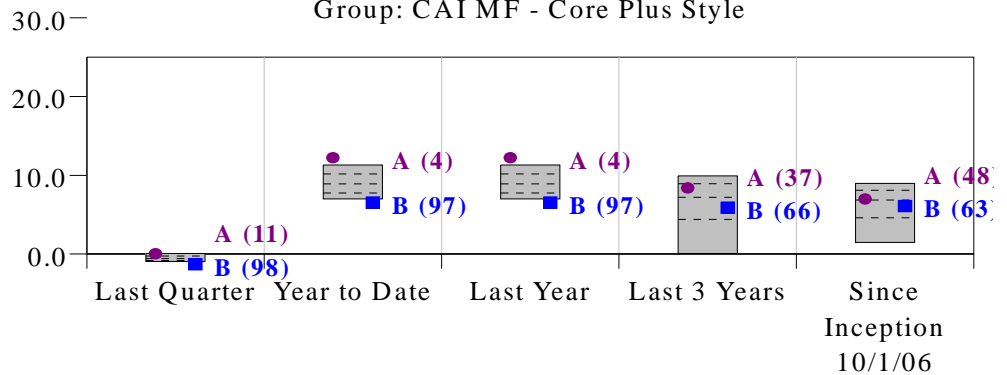
Statistics relative to BC:Aggr Bd
for 5 Years Ended December 31, 2010
Group: CAI Core Bond Fixed-Inc Style



10th Percentile	152.2	127.4
25th Percentile	130.8	114.8
Median	114.2	109.6
75th Percentile	85.6	100.2
90th Percentile	72.8	90.4
Vanguard Tot Bd;Inst ● A	105.1	101.8
BC:Aggr Bd ■ B	100.0	100.0

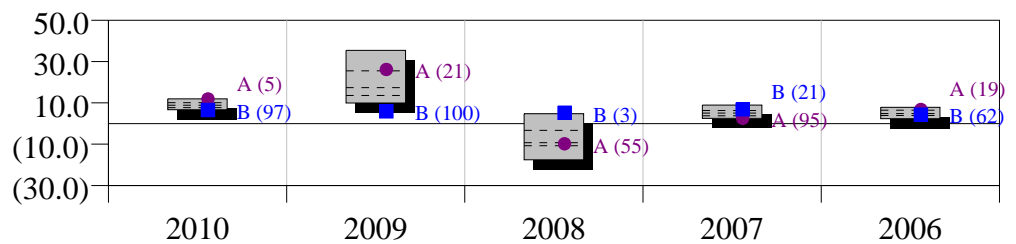
Western Asset Core Plus Bond Fund

Returns
for Periods Ended December 31, 2010
Group: CAI MF - Core Plus Style



10th Percentile	0.1	11.3	11.3	9.9	9.0	
25th Percentile	(0.2)	10.2	10.2	9.0	8.1	
Median	(0.6)	8.9	8.9	7.2	6.9	
75th Percentile	(0.8)	7.8	7.8	4.4	4.6	
90th Percentile	(1.0)	7.0	7.0	0.1	1.5	
Western Asset Core Plus	● A	0.0	12.2	12.2	8.4	7.0
BC:Aggr Bd	■ B	(1.3)	6.5	6.5	5.9	6.1

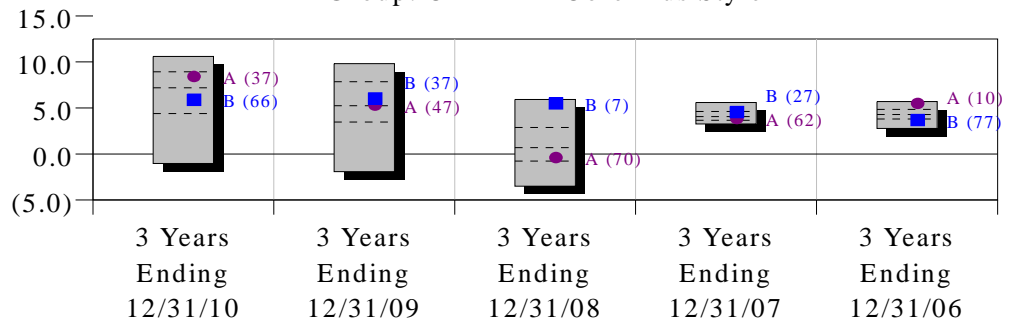
Returns for Calendar Years
Group: CAI MF - Core Plus Style



10th Percentile	11.3	29.1	4.0	7.7	7.1
25th Percentile	10.2	25.6	(3.3)	6.4	6.5
Median	8.9	17.4	(9.2)	5.1	4.9
75th Percentile	7.8	13.6	(10.7)	3.8	4.0
90th Percentile	7.0	10.4	(16.4)	3.5	3.9
Western Asset Core Plus	● A	12.0	(9.8)	2.6	6.8
BC:Aggr Bd	■ B	6.5	5.9	7.0	4.3

Western Asset Core Plus Bond Fund

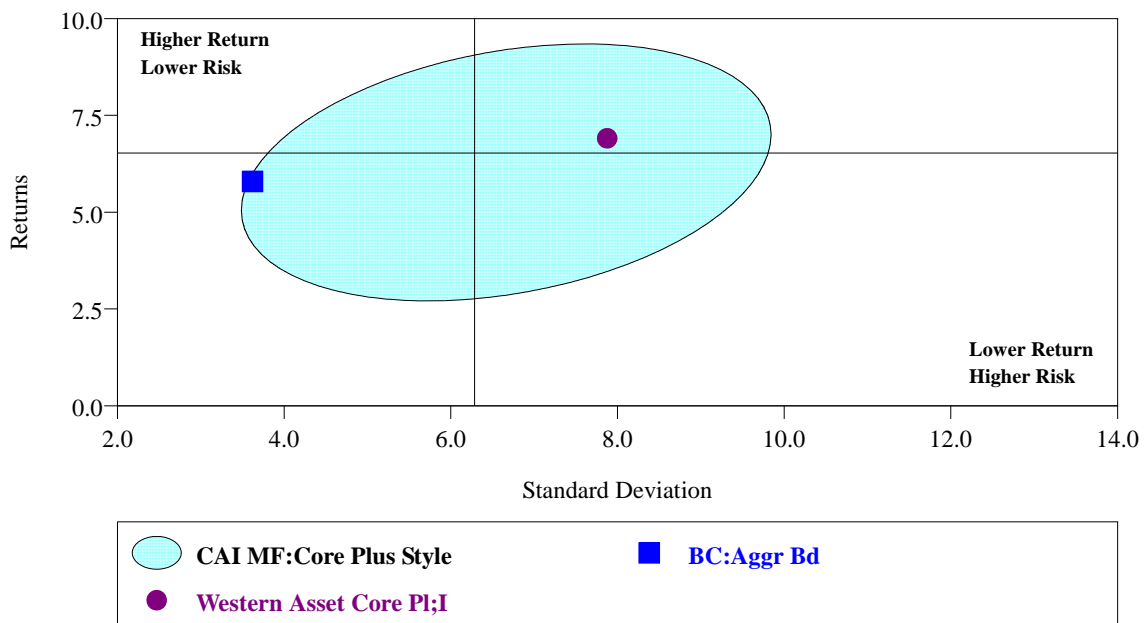
Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI MF - Core Plus Style



10th Percentile	9.9	9.2	5.0	5.3	5.5
25th Percentile	9.0	7.9	2.9	4.6	4.8
Median	7.2	5.3	0.7	4.1	4.3
75th Percentile	4.4	3.5	(0.8)	3.7	3.8
90th Percentile	0.1	(0.8)	(2.9)	3.3	3.2

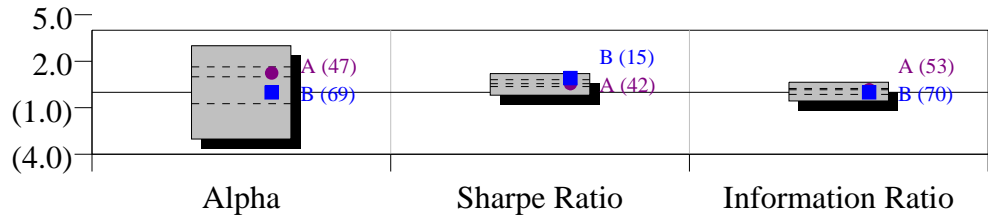
Western Asset Core Plus Bond Fund ● A	8.4	5.3	(0.4)	3.8	5.5
BC:Aggr Bd ■ B	5.9	6.0	5.5	4.6	3.7

Scatter Chart
for 5 Years Ended December 31, 2010



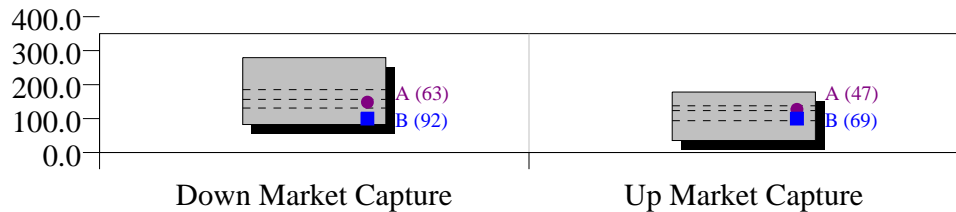
Western Asset Core Plus Bond Fund

Statistics relative to BC:Aggr Bd
for 5 Years Ended December 31, 2010
Group: CAI MF - Core Plus Style



	Alpha	Sharpe Ratio	Information Ratio
10th Percentile	2.9	1.2	0.6
25th Percentile	1.6	0.8	0.3
Median	1.0	0.6	0.2
75th Percentile	(0.7)	0.4	(0.1)
90th Percentile	(1.9)	(0.1)	(0.3)
Western Asset Core Pl;I ● A	1.2	0.6	0.2
BC:Aggr Bd ■ B	0.0	0.9	0.0

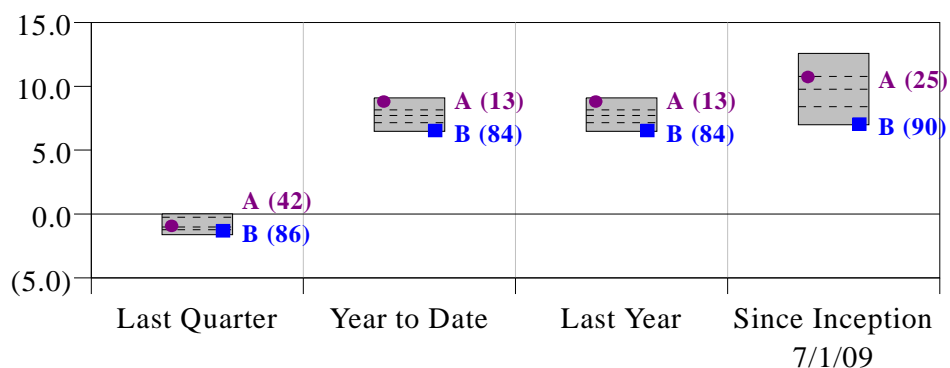
Statistics relative to BC:Aggr Bd
for 5 Years Ended December 31, 2010
Group: CAI MF - Core Plus Style



	Down Market Capture	Up Market Capture
10th Percentile	255.4	154.2
25th Percentile	185.5	138.0
Median	156.9	123.9
75th Percentile	131.1	94.2
90th Percentile	108.9	59.8
Western Asset Core Pl;I ● A	148.6	127.3
BC:Aggr Bd ■ B	100.0	100.0

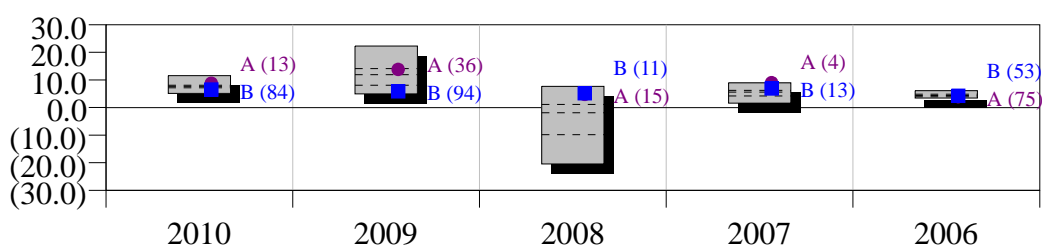
PIMCO Total Return Bond Fund

Returns
for Periods Ended December 31, 2010
Group: CAI MF - Core Bond Style



10th Percentile	0.0	9.1	9.1	12.6
25th Percentile	(0.3)	8.2	8.2	10.8
Median	(1.0)	7.7	7.7	9.8
75th Percentile	(1.2)	7.2	7.2	8.4
90th Percentile	(1.6)	6.5	6.5	7.0
PIMCO Total Return Fund ● A	(0.9)	8.8	8.8	10.7
BC:Aggr Bd ■ B	(1.3)	6.5	6.5	7.0

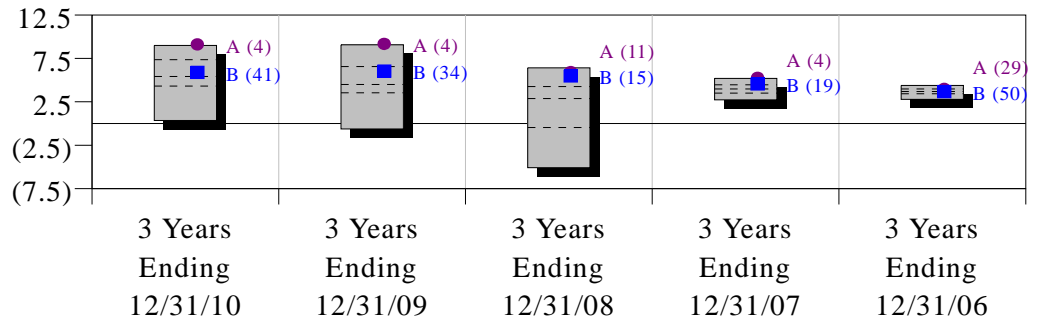
Returns for Calendar Years
Group: CAI MF - Core Bond Style



10th Percentile	9.1	17.2	5.6	7.9	5.5
25th Percentile	8.2	14.1	1.2	6.3	4.9
Median	7.7	12.0	(1.9)	5.6	4.4
75th Percentile	7.2	8.2	(9.8)	4.2	4.0
90th Percentile	6.5	7.3	(12.3)	1.9	3.7
PIMCO:Tot Rtn;Inst ● A	8.9	13.9	4.8	9.1	4.0
BC:Aggr Bd ■ B	6.5	5.9	5.2	7.0	4.3

PIMCO Total Return Bond Fund

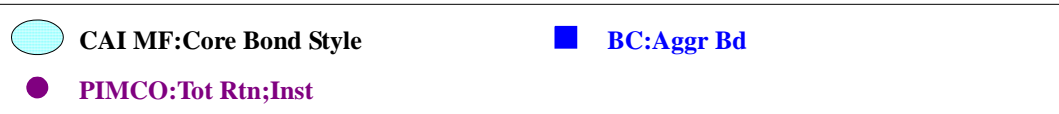
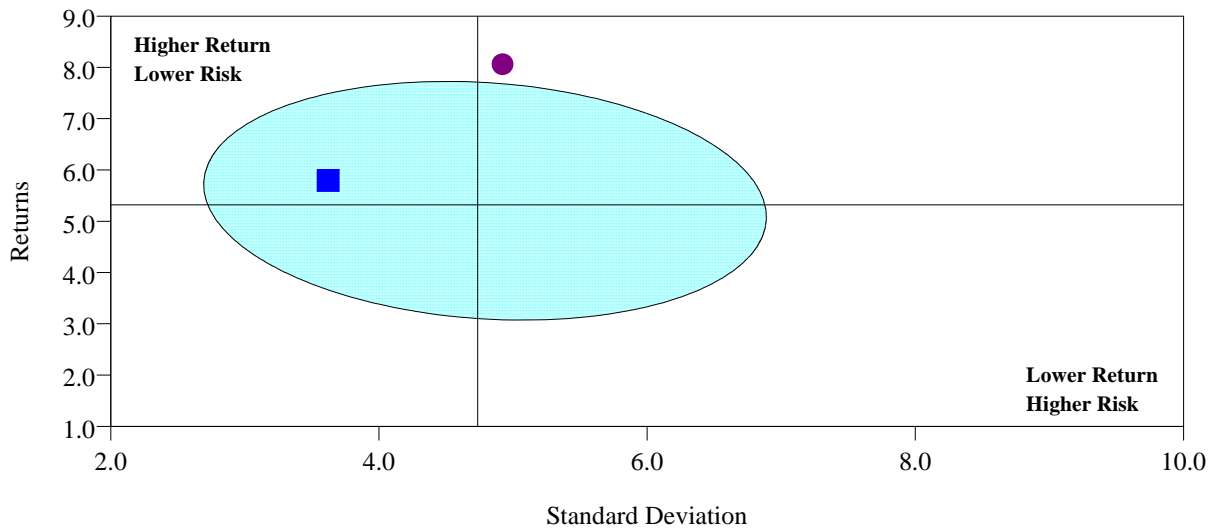
Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI MF - Core Bond Style



10th Percentile	8.4	8.6	5.9	4.9	4.2
25th Percentile	7.4	6.6	4.3	4.5	4.0
Median	5.4	4.5	2.9	4.0	3.7
75th Percentile	4.3	3.5	(0.4)	3.5	3.4
90th Percentile	3.5	1.0	(1.8)	3.0	3.1

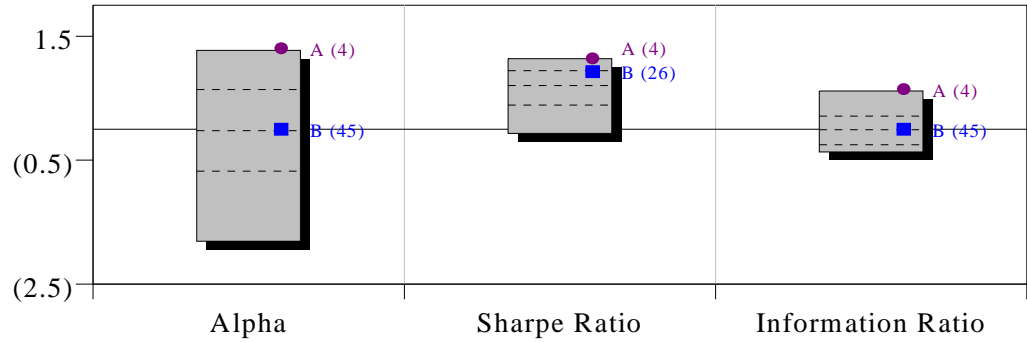
PIMCO:Tot Rtn;Inst ● A	9.1	9.2	5.9	5.3	4.0
BC:Aggr Bd ■ B	5.9	6.0	5.5	4.6	3.7

Scatter Chart
for 5 Years Ended December 31, 2010



PIMCO Total Return Bond Fund

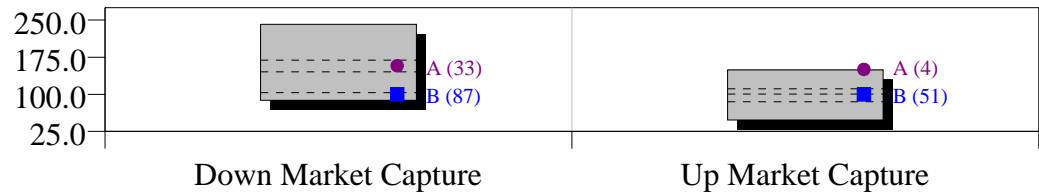
Statistics relative to BC:Aggr Bd
for 5 Years Ended December 31, 2010
Group: CAI MF - Core Bond Style



10th Percentile	1.0	1.1	0.5
25th Percentile	0.6	0.9	0.2
Median	0.0	0.7	0.0
75th Percentile	(0.7)	0.4	(0.2)
90th Percentile	(1.3)	0.2	(0.3)

PIMCO:Tot Rtn;Inst ● A	1.3	1.1	0.6
BC:Aggr Bd ■ B	0.0	0.9	0.0

Statistics relative to BC:Aggr Bd
for 5 Years Ended December 31, 2010
Group: CAI MF - Core Bond Style

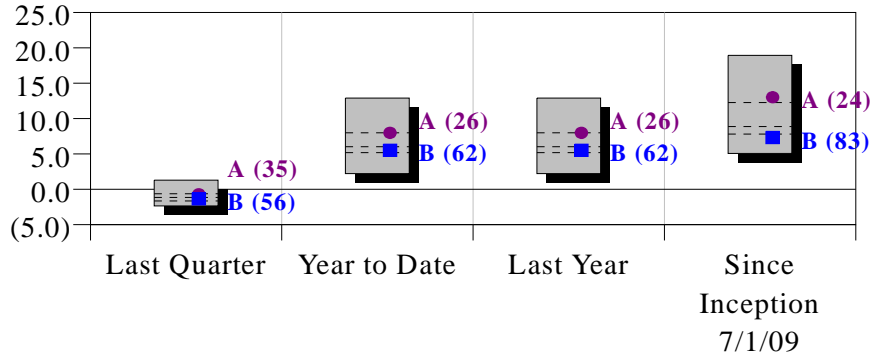


10th Percentile	221.7	143.8
25th Percentile	169.3	111.6
Median	145.7	100.6
75th Percentile	103.5	85.0
90th Percentile	94.0	72.8

PIMCO:Tot Rtn;Inst ● A	158.1	150.5
BC:Aggr Bd ■ B	100.0	100.0

Loomis Sayles Global Bond Fund

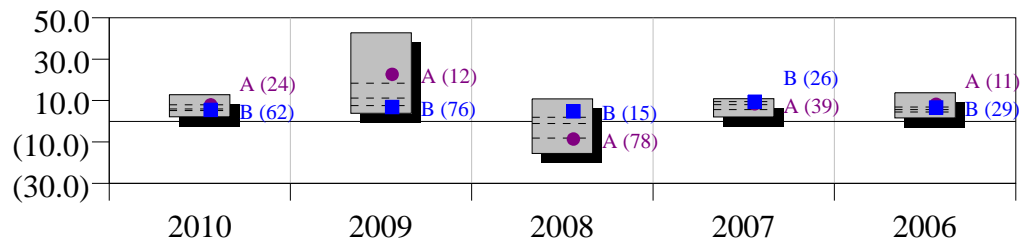
Returns
for Periods Ended December 31, 2010
Group: CAI MF - Global Fixed Income Style



10th Percentile	0.8	11.7	11.7	16.3
25th Percentile	(0.6)	8.0	8.0	12.3
Median	(1.1)	6.0	6.0	8.9
75th Percentile	(1.6)	5.2	5.2	7.8
90th Percentile	(2.3)	3.8	3.8	5.2

Loomis Sayles Global Bond Fund ● A	(0.7)	8.0	8.0	13.0
BC:Gbl Aggr Idx ■ B	(1.3)	5.5	5.5	7.3

Returns for Calendar Years
Group: CAI MF - Global Fixed Income Style

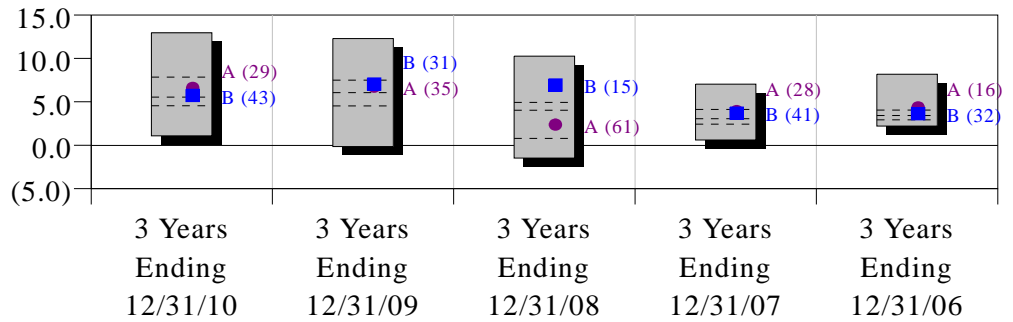


10th Percentile	11.7	28.0	7.1	10.5	8.8
25th Percentile	8.0	18.4	2.0	9.6	6.9
Median	6.0	11.2	(1.1)	8.0	5.6
75th Percentile	5.2	7.6	(8.1)	5.6	4.5
90th Percentile	3.8	5.9	(12.6)	2.5	2.0

Loomis Sayles:GB;Inst ● A	8.0	22.7	(8.6)	8.4	8.2
BC:Gbl Aggr Idx ■ B	5.5	6.9	4.8	9.5	6.6

Loomis Sayles Global Bond Fund

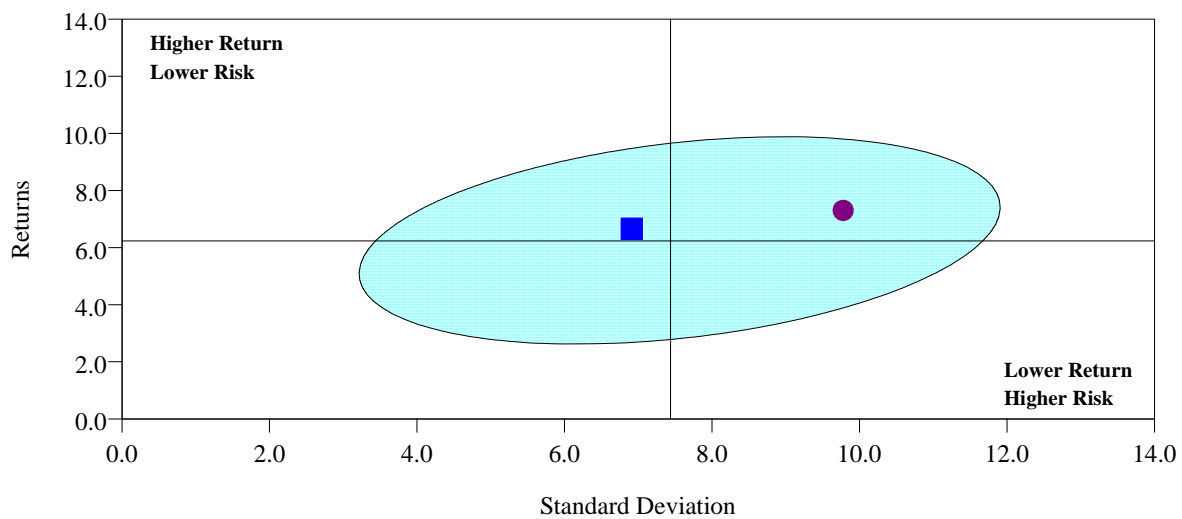
Returns
for 12 Quarter Rolling Periods
5 Years Ended December 31, 2010
Group: CAI MF - Global Fixed Income Style



10th Percentile	10.3	10.0	9.4	5.2	5.5
25th Percentile	7.9	7.5	4.9	4.1	4.1
Median	5.6	6.1	4.0	3.1	3.4
75th Percentile	4.6	4.5	0.8	2.4	2.9
90th Percentile	1.5	3.0	(0.9)	1.8	2.5

Loomis Sayles:GB;Inst ● A	6.6	6.8	2.4	3.9	4.4
BC:Gbl Aggr Idx ■ B	5.8	7.0	7.0	3.7	3.6

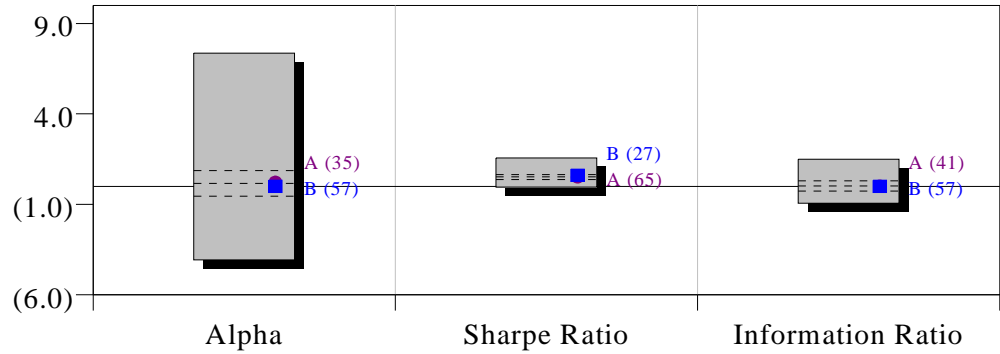
Scatter Chart
for 5 Years Ended December 31, 2010



● CAI MF:GI Fixed Inc Style	■ BC:Gbl Aggr Idx
● Loomis Sayles:GB;Inst	

Loomis Sayles Global Bond Fund

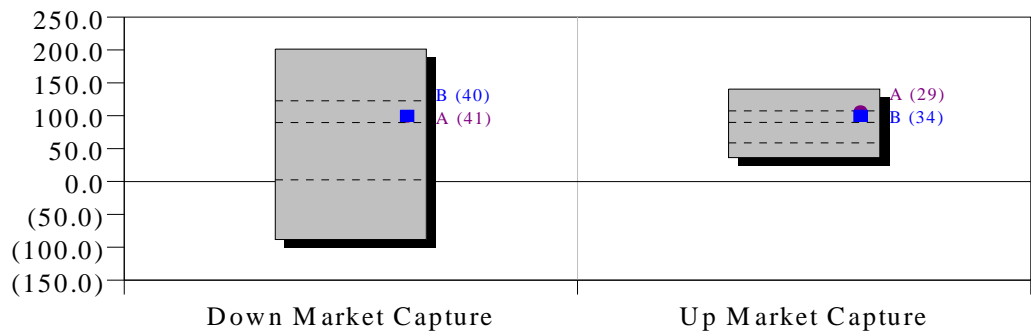
Statistics relative to BC:Gbl Aggr Idx
for 5 Years Ended December 31, 2010
Group: CAI MF - Global Fixed Income Style



	Alpha	Sharpe Ratio	Information Ratio
10th Percentile	3.8	1.1	0.8
25th Percentile	0.9	0.6	0.3
Median	0.2	0.5	0.0
75th Percentile	(0.5)	0.4	(0.3)
90th Percentile	(2.9)	0.1	(0.9)

Loomis Sayles:GB;Inst ● A	0.3	0.5	0.0
BC:Gbl Aggr Idx ■ B	0.0	0.6	0.0

Statistics relative to BC:Gbl Aggr Idx
for 5 Years Ended December 31, 2010
Group: CAI MF - Global Fixed Income Style



	Down Market Capture	Up Market Capture
10th Percentile	156.8	135.8
25th Percentile	122.8	107.5
Median	89.7	90.0
75th Percentile	2.6	58.8
90th Percentile	(37.9)	39.6

Loomis Sayles:GB;Inst ● A	98.0	107.5
BC:Gbl Aggr Idx ■ B	100.0	100.0

IPS Executive Summary

Virginia Birth-Related Neurological Injury Compensation Fund

Executive Summary

Planning Time Horizon	10 years+
Expected Return	7.0% annualized return or 4¼ % over inflation as measured by the CPI-U. This projection is based on 2010 Callan Capital Markets Projections for the ensuing ten years and the asset allocation strategy set forth in the table below.
Risk Tolerance	<p>The annual nominal return is expected to fall within a range of -1.8% to +15.8% two thirds of the time (one standard deviation) over this period.</p> <p>There is a 95% probability that losses will not exceed -7.5% in any given year and a 99% probability that losses will not exceed -12.9% in any given year.</p>
Evaluation Benchmarks	The Portfolio is expected to meet or exceed Policy-weighted benchmarks comprised of relevant market indices and/or peer manager median returns according to the Strategic Allocations set forth in the table below.
Asset Allocation	The Portfolio will be diversified according to the Strategic Allocations set forth in the following table.

Asset Allocation	Lower Limit	Strategic	Upper Limit
U.S. Large Cap Equities	18	23	28
U.S. Small/Mid Cap Equities	1	4	7
International Developed Market Equities	5	10	15
International Emerging Markets Equities	1	3	6
U.S. Fixed Income	20	30	50
High Yield Fixed Income ¹	1	5	8
Alternatives ²	0	20	30
Cash & Equivalents	0	5	25

¹ May include international emerging debt

² May include hedge funds, mutual funds using hedge fund strategies, private equity, commodities and other alternative strategies approved by the Investment Committee

The actual allocation may be rebalanced quarterly back to the Strategic Allocation target or at other such times as may be required to maintain compliance with this Policy Statement. The target is to be reviewed annually for reasonableness in relation to significant economic and market conditions or to changes in the organization's long-term goals and objectives. A formal asset allocation study should be conducted at least every three years to confirm the validity of the targets.

Benchmarks

(This table identifies the benchmarks available for comparative performance.)

Asset Class	Market Index	Callan Style Database
Total Portfolio	Custom Weighted Blend	
Large Cap U.S. Equities	S&P 500	Large Cap Broad
	MSCI US Prime Market 750	
	Russell 1000	Large Cap Growth Large Cap Value
	Russell 1000 Growth Russell 1000 Value	
Small Cap U.S. Equities	S&P 600	Small Cap Broad
	Russell 2000	Small Cap Growth Small Cap Value
	Russell 2000 Growth	
	Russell 2000 Value	
International Equities	MSCI EAFE	Core International Equity
Emerging Markets Equity	MSCI Emerging Markets	Emerging Markets Equity
Domestic Fixed Income	Lehman Aggregate Lehman Intermediate Aggregate	Core Fixed Income
Alternatives	HFR Hedge Fund	Hedge Funds

Manager Structure History

Current Managers	Asset Class	Inception
<i>INTECH Large Cap Growth</i>	Large Cap Growth	04/30/2006
<i>Rainier Investment Management</i>	Large Cap Growth	05/09/2006
<i>Vanguard Large-Cap Index Fund</i>	Large Cap	08/04/2005
<i>Great Lake Advisors</i>	Large Cap Value	05/09/2006
<i>Robeco/Boston Partners</i>	Large Cap Value	02/18/2009
<i>Vanguard Large Cap Value Index Fund</i>	Large Cap Value	05/29/2009
<i>TAMRO Capital Partners</i>	Small Cap Broad	08/31/2006
<i>Eagle Asset Management</i>	Small Cap Broad	08/31/2006
<i>Artisan International Fund</i>	International Equity	06/22/2006
<i>Harbor International Fund</i>	International Equity	06/22/2006
<i>SSgA Emerging Markets Fund</i>	Emerging Markets	06/22/2006
<i>Acadian Emerging Markets Equity Fund</i>	Emerging Markets	06/17/2009
<i>Eaton Vance Emerging Markets</i>	Emerging Markets	06/17/2009
<i>Loomis Sayles Global Bond Fund</i>	Global Bond	06/17/2009
<i>Vanguard Total Bond Market Index</i>	Fixed Income	08/04/2005
<i>Western Asset Core Plus Bond</i>	Fixed Income	09/29/2006
<i>Richmond Capital Management</i>	Domestic Fixed Income	10/03/2006
<i>Atlantic Asset Management</i>	Domestic Fixed Income	10/03/2006
<i>PIMCO Total Return Fund</i>	Domestic Fixed Income	06/17/2009
<i>Alternatives Module</i>	Alternatives	11/04/2010

Terminated Managers/Funds	Asset Class	Inception	Termination
<i>AllianceBernstein</i>	Large Cap Value	05/24/2006	02/18/2009
<i>Vanguard Small-Cap Index Fund</i>	Small Cap	08/04/2005	08/29/2006
<i>Vanguard Emerging Markets VIPER/ETF</i>	Emerging Markets	08/04/2005	06/20/2006
<i>Vanguard Developed Markets Index Fund</i>	International Equity	08/04/2005	06/15/2006
<i>Merrill Lynch Equity</i>	Large Cap	09/30/2000	07/27/2005
<i>Merrill Lynch Fixed Income</i>	Fixed Income	09/30/2000	07/27/2005

Quarterly Performance Report Disclosure/Account Reviews (INST)

Important Disclosure Information

This report has been prepared by Capital Advisory Group (CapGroup) using information from sources that include the following: the computer software, investment manager and fund sponsor databases of Callan Associates, Inc.; the fund custodian(s); investment manager(s); third party data vendors; the client; and other outside sources as directed by the client. Account information has been compiled solely by CapGroup and has not been independently verified. CapGroup assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed by any providers external to CapGroup.

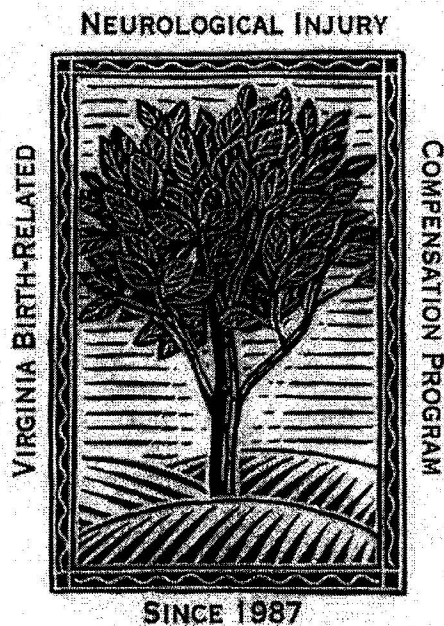
In reviewing this report, it should be noted that past performance may not be indicative of future results. The individual account performance information contained in this report reflects the reinvestment of dividends, and is net of applicable transaction fees and mutual fund expenses, but not custody fees, investment manager fees and the investment advisory fees charged to the Account by CapGroup. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. Comparative performance information for manager universes has been provided by Callan Associates, Inc. and does not reflect the deduction of investment manager fees, the incurrence of which would have the effect of decreasing the historical returns for the respective universes. It should not be assumed that your account holdings correspond directly to any comparative indices or manager universes. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Comprehensive Annual Financial Report

Year ended December 31, 2009

(With Independent Auditors' Report Thereon)



Presented by
The Department of Finance

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Table of Contents

	Page
Introductory Section:	
Letter of Transmittal	i
Organization Chart	v
Directory of Officials	vi
Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets	10
Statement of Revenues, Expenses and Changes in Net Assets (Deficit)	11
Statement of Cash Flows	12
Notes to Basic Financial Statements	13
Required Supplementary Information:	
Claims Development Information	21
Notes to Required Supplementary Information	22
Statistical Section:	
Financial Trends:	
Net Deficit by Component	24
Schedule of Revenues, Expenses, and Changes in Fund Net Assets	25
Analysis of Average Cost per Active Claimant	26
Schedule of General and Administrative Expenses	27
Revenue Capacity:	
Rates and Assessments	28
Economic and Demographic Information:	
Physicians, Hospitals, and Insurance Companies	29
Virginia Demographic Statistics	30
Operating Information:	
Number of Admitted, Deceased, and Active Claimants	31
Number of Employees by Identifiable Activities	32
Compliance Section:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33

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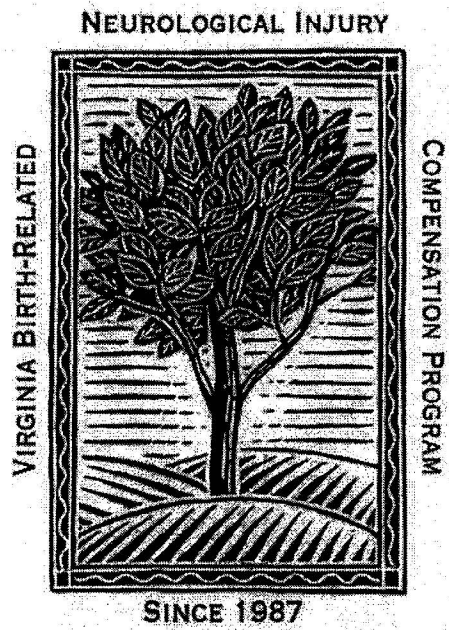
INTRODUCTORY SECTION

NEUROLOGICAL INJURY



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VIRGINIA BIRTH-RELATED
NEUROLOGICAL INJURY
COMPENSATION PROGRAM

June 4, 2010

Board of Directors
7501 Boulders View Dr. Suite 210
Richmond, VA 23225

Dear Members of the Board:

The Comprehensive Annual Financial Report (CAFR) of the Virginia Birth-Related Neurological Compensation Program (the Program) for the year ended December 31, 2009, is submitted herewith. This CAFR has been prepared by the Program's Finance Department in accordance with accounting principles generally accepted in the United States of America and conforms to the requirements of the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Program. We believe the data, as presented, is accurate in all material respects; that the data is presented in a manner designed to fairly set forth the financial position and results of the operations of the Program as measured by the financial activity of its various accounts; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Program's financial affairs have been included.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The Program's MD&A can be found immediately following the independent auditors' report.

A brief history of the Program, its fiscal operations, and selected accomplishments are presented below.

Organization and Function

With soaring medical malpractice insurance rates and insurance companies on the brink of eliminating coverage in the mid-1980s, up to one-quarter of the Commonwealth of Virginia's (the Commonwealth) obstetricians were threatened with having to close their office doors. To alleviate this crisis, the Commonwealth worked with stakeholders including physicians, associations, insurers, lawyers and others to develop an innovative solution; the Virginia Birth-Related Neurological Injury Compensation Program. The Program was a first of its kind nationally.

The Program's legislation presents a very specific definition of 'birth injury', which represents a very small number of births each year. By keeping many of the most expensive cases out of the court system, combined with a medical malpractice award cap, the medical malpractice insurance industry has been reasonably stabilized in the Commonwealth (especially when compared to other states) allowing physicians to do what they do best – treat patients.

Although the Program was created by the General Assembly of the Commonwealth, it operates as a separate organization. A nine member volunteer board appointed by the

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Suite 210

Richmond, VA 23225

www.vabirthinjury.com

www.vabirthinjury.info

A lifetime of help

Governor of the Commonwealth directs the Program. The Program is regulated by the Code of Virginia, which is very specific in how it operates.

All admissions are through the Virginia Workers' Compensation Commission; the Program itself does not admit claimants. Financial reports are filed annually with the Governor's office, the Virginia Senate and the Virginia House of Delegates. At least every other year, the State Corporation Commission is required to conduct an actuarial study of the Program.

Entry into the Program does not provide for any pre-determined amount of compensation. The Program operates much like an insurance policy in that it pays for actual medically-necessary costs and other legislatively stipulated benefits. Additionally, the Program is the payer of last resort in all situations. There is no cap on the total eligible lifetime costs for a claimant.

No federal or state funds are involved in providing services to claimants. Funding is derived only from legislatively allowed sources including participating physician fees, participating hospital fees, nonparticipating physician assessments and liability insurer assessments.

Major Initiatives

Participating physicians and hospitals are continuing to become more aware of the benefits of participation for themselves as well as their patients. A qualifying birth can occur despite the heroic efforts of everyone involved. When it does happen, entry into the Program is important to both families and health services providers.

During 2009, 648 physicians participated in the Program. According to the latest information available from the Virginia Health Information Center (2006 data), 618 physicians each delivered at least 30 infants. Along with the coverage benefits of participation, physicians also receive a reduction or credit on their malpractice insurance premiums. During 2009, 38 hospitals enrolled in the Program.

The Program covers expenses that insurance and other programs do not. Medically-necessary expenses such as doctor and hospital visits, therapy, nursing care, and medical equipment are mandated by the guiding legislation. The Code of Virginia also provides a wage benefit paid to the claimant from age 18 to 65, and payment for legal expenses related to filing the claim. In addition, the Program provides benefits including handicapped accessible vans, handicapped accessible bedroom and bath additions to homes, rental assistance, and allowances for therapeutic toys, medical service dogs and experimental therapies.

The Program's administrative cost as a percentage of total expenses (administrative plus claimant) remain low at 8%.

Philosophy

The Program plays a unique role in the Commonwealth. As previously noted, the Program was established due to a need to improve the tort climate for medical care in the Commonwealth, with the specific purpose of keeping malpractice insurers writing policies. It accomplished the goal immediately. According to studies and anecdotal information from key players in the industry, the Program is still fulfilling this role.

However, over the past 20 years the more publicly visible role has become the Program's contribution to caring for this specific group of children. Here the information also shows that they receive more benefits and greater care than those utilizing the tort system.

In fact, an article written by an actuary who has studied the Program and a similar organization in Florida noted that such approaches are highly efficient as compared to tort

remedies. He writes that the vast majority of money involved in the Program is used for claimant care whereas in the tort system substantial percentages of funds go to other purposes.

Along with striving for such efficiency, the Program has worked to assure its financial reserves receive maximum growth with minimum risk. This has been accomplished through careful planning and the use of a sophisticated investment policy and practice.

Financial Controls

The Deputy Director is responsible for establishing and maintaining an adequate internal control structure. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of control procedures. The objectives of the control system are to provide the Program with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and are recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. All internal control evaluations occur within this framework.

The Program's accounting records are maintained on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable. The accounting and reporting policies conform to accounting principles generally accepted in the United States of America and reflect practices appropriate for a governmental enterprise.

During 2009, the Program discovered that a former employee had been embezzling funds while in her position as Claims Manager. The incidence was investigated by the Virginia State Police and subsequently turned over to the Federal Bureau of Investigation. The former employee has been prosecuted and found guilty. The Board of Directors has taken action by hiring a forensic accountant to evaluate the embezzlement and make recommendations. In addition, the Board of Directors has replaced the former audit firm and hired a law firm for possible civil action. The Program was able to recover a portion of the funds through an insurance claim and received the maximum amount. To prevent the possibility of a similar fraud occurring in the future, the Board of Directors and staff have strengthened the internal controls and are following the recommendations of the forensic accountant.

Independent Audit

The Program's guiding legislation (§38.2-5015B) requires an annual independent audit of the Program's financial records and transactions by an independent certified public accountant selected by the Board of Directors.

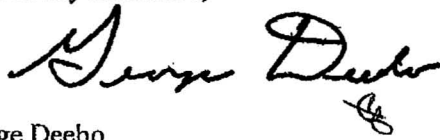
Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Program for its comprehensive annual financial report for the fiscal year ended December 31, 2008. This was the second consecutive year that the Program achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

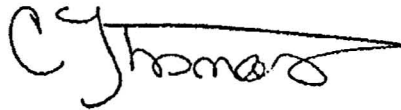
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The staff of the Finance Department accomplished the preparation of this CAFR for year ended December 31, 2009. We would like to express our appreciation to all members of the Finance Department who assisted and contributed to its preparation.

Respectfully submitted,

Handwritten signature of George Deebo in cursive script.

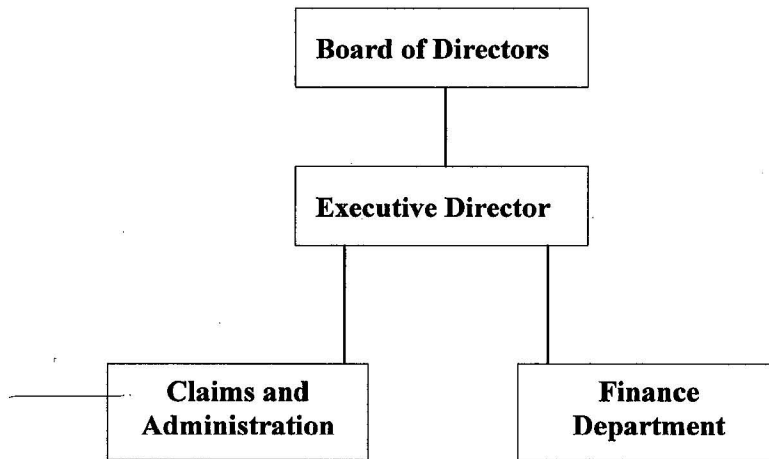
George Deebo
Executive Director

Handwritten signature of Candace Thomas in cursive script.

Candace Thomas, CGFM
Deputy Director

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Organizational Chart



**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Principal Officials

BOARD OF DIRECTORS

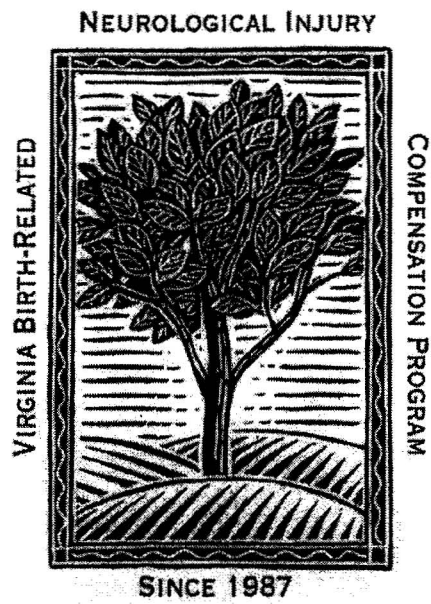
Robert Boyle, MD, Chair
Susan Lucas, MD, PHD
Susan Riddick-Grisham, RN, BA
Gwen Taylor, Esq.
McLain O'Ferrall
Jennifer Ogburn
J. Scott Walters, Esq.

OTHER OFFICIALS

Executive Director
Deputy Director

George Deebo
Candace Thomas, CGFM

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FINANCIAL SECTION

NEUROLOGICAL INJURY

VIRGINIA BIRTH-RELATED

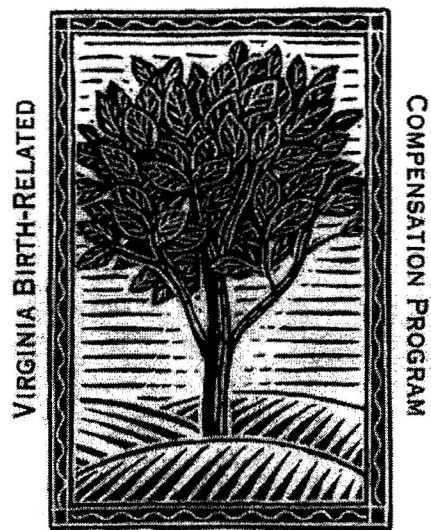


COMPENSATION PROGRAM

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NEUROLOGICAL INJURY



VIRGINIA BIRTH-RELATED

COMPENSATION PROGRAM

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KPMG LLP
Suite 2000
1021 East Cary Street
Richmond, VA 23219-4023

Independent Auditor's Report

The Board of Directors

Virginia Birth-Related Neurological
Injury Compensation Program:

We have audited the accompanying statement of net assets of the Virginia Birth-Related Neurological Injury Compensation Program (the Program) as of December 31, 2009 and the related statements of revenues, expenses and changes in fund net assets and cash flows for the year then ended, which collectively comprise the Program's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of December 31, 2009 and the respective changes in financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 3 to the basic financial statements, the Program adopted the provisions of GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, effective January 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2010 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Program's basic financial statements. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

June 4, 2010

VIRGINIA BIRTH-RELATED NEUROLOGICAL INJURY COMPENSATION PROGRAM

Management's Discussion and Analysis

December 31, 2009

This Section of the Virginia Birth Related Neurological Injury Compensation Program (the Program) Comprehensive Annual Financial Report (CAFR) represents our discussion and analysis of the Program's financial performance during the fiscal years ended December 31, 2009 and 2008. Please read it in conjunction with the Program's basic financial statements and accompanying notes.

Financial Highlights

- The 2009 revenue from fees and assessments increased by \$521,000 or 2%. Fees assessed from participating physicians increased \$174,000 or 6%, participating hospitals increased \$377,000 or 13%, insurance companies decreased \$209,000 or 2% and mandated physician fees increased \$179,000 or 5%. (An explanation of significant variances is included later in this report).
- The Program's total net assets increased by \$34,000,000 from a deficit of \$180,800,000 in 2008 to a deficit of \$146,800,000 in 2009. The difference is primarily due to unrealized gains in investment income of \$35,600,000, an increase in cash and cash equivalents of \$3,800,000, and a reduction in the claims reserve of \$15,200,000. (An explanation is included later in this report)
- In 2009, the Program provided \$7,195,000 in nursing care, \$219,000 in therapy, \$352,000 for 8 handicapped accessible vans, \$839,000 for housing benefits, \$182,000 for durable medical equipment and technology, \$59,000 for hospitals and physician visits, and \$166,000 for claimant legal fees.
- In 2009, the Program paid 2 awards of \$100,000 according to Virginia Code §38.2-5009.1 – Infants dying shortly after birth.
- In 2009, an additional 6 claimants became eligible to receive the wage benefit for a total of 20 eligible claimants. Eligible claimants may receive half of the average weekly wage in the Commonwealth of workers in the private nonfarm sector. (See Virginia Code §38.2-5009.2) A total of \$332,000 was paid to the 15 eligible claimants requesting the benefit.
- The average cost per active claimant in 2009 and 2008 was approximately \$101,000 and \$105,000 respectively.
- As of December 31, 2009 there were 648 participating physicians, down 5 from 653 physicians in 2008. Participating hospitals remained the same at 38 in 2009 and 2008.
- Administrative expenses were 8% of the total expenses (administrative plus claimant) paid in both 2009 and 2008.
- As of December 31, 2009, 58 families received reimbursement for nursing or attendant care provided by a relative or legal guardian according to Virginia Code §38.2-5009. The Program began to reimburse family members for providing care beginning July 1, 2008.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Management's Discussion and Analysis

December 31, 2009

- As of December 31, 2009, the Program had a total of 150 admitted claimants, 37 of which are deceased. During the year ended December 31, 2009, 8 claimants were admitted into the Program, 3 of which were deceased and 3 existing claimants became deceased. 5 claimants were pending as of December 31, 2009. See chart below:

	Total December 31, 2008	2009 Activity	Total December 31, 2009
Admitted	\$ 142	8	150
Deceased	31	6	37
Active	\$ 111	2	113

Overview of the Financial Statements

The Program's Comprehensive Annual Financial Report (CAFR) consists of four sections: introductory, financial, statistical, and compliance. The financial section consists of five components; the independent auditors' report, management's discussion and analysis (this component), the basic financial statements, notes to the basic financial statements, and required supplementary information.

The basic financial statements include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. The notes to the basic financial statements provide additional details for understanding information presented in the financial statements. The notes are followed by a section of required supplementary information that includes claims development information.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Management's Discussion and Analysis

December 31, 2009

Financial Analysis

Statement of Net Assets

The following table reflects the summarized Statement of Net Assets of the Program:

Table 1

Summarized Statement of Net Assets

December 31, 2009 and 2008

(In millions)

	2009	2008
Current assets	\$ 29.2	29.3
Noncurrent assets	216.5*	166.1*
Total assets	245.7	195.4
Current liabilities	13.3	13.3
Noncurrent deferred revenue	22.0	22.7
Noncurrent unpaid claims reserve:		
Admitted claims	240.9	237.2
Incurred but not reported claims	116.3	104.8
Total unpaid claims reserve, noncurrent	357.2	342.0
Total liabilities	392.5	378.0
Unrestricted net assets (deficit)	(146.8)*	(182.6)*
Total net assets	\$ (146.8)	(182.6)

* Capital assets and Capital assets net of related debt are immaterial and are not subdivided.

At December 31, 2009 and 2008, the total assets of the Program were \$245.7 million and \$195.4 million, respectively; total liabilities were \$392.5 million and \$378.0 million, respectively, while net assets (deficit) were \$(146.8) million and \$(182.6) million, respectively. The actuarial estimate of future claim payments of children born on or prior to December 31, 2009, plus the actuarial estimate of future claim administration expenses, exceeds the assets of the Program. The reduction in the deficit is primarily due to unrealized investment gains of \$35.6 million in 2009.

The \$50.4 million increase in noncurrent assets from \$166.1 million in 2008 to \$216.5 million in 2009 consists primarily of \$35.6 million in unrealized investment gains and \$6.3 million in interest and dividend revenue.

The total unpaid claims reserve at December 31, 2009 and 2008 was \$369.2 million and \$354 million, respectively. This represents the estimated cost for claimants currently admitted into the Program and an estimated number of not yet admitted claimants (incurred but not reported, (IBNR)) with birth dates prior to

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Management's Discussion and Analysis

December 31, 2009

fiscal year-end that will be admitted to the Program subsequent to fiscal year-end. This reserve is based on an annual actuarial study.

A summary of the claims provision is as follows (in millions):

	<u>2009</u>	<u>2008</u>
Estimated future payments for claimants	\$ 22.3	23.3
Decrease in provision for change in methodology and assumptions	(12.6)	(1.4)
Interest	22.4	21.1
Estimated claim payments	<u>(16.9)</u>	<u>(21.2)</u>
Net change in claims reserve	\$ <u>15.2</u>	<u>21.8</u>

The net change in claims reserve for the years ended December 31, 2009 and 2008 was \$15.2 million and \$21.8 million, respectively. The change in the provision for change in methodology and assumptions may be due to changes in factors such as mortality, nursing, changes in legislation, number of claimants and inflation.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Management's Discussion and Analysis

December 31, 2009

Statement of Revenues, Expenses and Changes in Fund Net Assets

The following table shows the summarized Statement of Revenues, Expenses, and Changes in Fund Net Assets of the Program:

Table 2

Summarized Statements of Revenues, Expenses, and Changes in Fund Net Assets

Years ended December 31, 2009 and 2008

(In millions)

	Year ended December 31	
	2009	2008
Operating revenues:		
Participating hospitals	\$ 3.8	3.4
Participating physicians	3.5	3.3
Mandated physician fees	4.2	4.0
Insurance fees	12.6	12.8
Total operating revenues	<u>24.1</u>	<u>23.5</u>
Operating expenses:		
Provision for claims	26.6	33.5
General and administration	0.2	0.2
Total operating expenses	<u>26.8</u>	<u>33.7</u>
Operating loss	<u>(2.7)</u>	<u>(10.2)</u>
Nonoperating revenue (expense):		
Net investment income	36.6	(44.8)
Miscellaneous	0.1	—
Net nonoperating revenue (expense)	<u>36.7</u>	<u>(44.8)</u>
Change in net assets	<u>34.0</u>	<u>(55.0)</u>
Net assets (deficit) at beginning of year	(182.6)	(127.6)
Cumulative effect of accounting change	1.8	—
Adjusted net assets (deficit) at beginning of year	<u>(180.8)</u>	<u>(127.6)</u>
Net assets (deficit) at end of year	<u>\$ (146.8)</u>	<u>(182.6)</u>

Revenues

Revenues consist primarily of legislatively established assessments placed on participating and nonparticipating physicians, hospitals, and insurance companies and net investment income. Nonparticipating physicians pay the mandated physician fee. For the years ended December 31, 2009 and 2008, operating revenue was \$24.1 million

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Management's Discussion and Analysis

December 31, 2009

and \$23.5 million, respectively, and nonoperating revenue (expense) was \$36.7 million and \$(44.8) million, respectively.

Assessments for 2009 for participating and nonparticipating physicians were \$5,600 and \$300, respectively. Participating hospitals are assessed a fee of \$52.50 per live birth for the prior year, as reported by the Department of Health, not to exceed \$200,000. In 2009, liability insurers paid one quarter of one percent on the direct premiums written during the prior year.

The participating physicians' assessments increased \$174,000 or 6% from \$3.3 million in 2008 to \$3.5 million in 2009. The number of physicians participating was 648 and 653 in 2009 and 2008, respectively. The assessments increased even though the number of participating physicians decreased due to the assessment amount being increased by \$200 per physician from 2008 to 2009.

In 2008, the Virginia General Assembly authorized increases in future year's assessments according to the following chart; however the increase in fees will have a minor effect on the net assets.

Year	Participating physician fee	Mandated physician fee	Hospital
2010	\$ 5,900	300	\$55/live birth not to exceed \$200,000
2011	6,000	300	\$55/live birth not to exceed \$200,000
2012	6,100	300	\$55/live birth not to exceed \$200,000
2013	6,200	300	\$55/live birth not to exceed \$200,000

Net investment income increased in 2009 to a gain of \$36.6 million from a loss of \$44.8 million in 2008. The losses experienced in 2008 were a result of the global financial and economic crises. During 2009, the investments retraced their losses with a rebound in the markets beginning in March of 2009 and continuing through the fourth quarter.

Expenses

For the years ended December 31, 2009 and 2008, expenditures totaled \$26.8 million and \$33.7 million, respectively. Expenses are comprised of general administrative and claims related expenses, the latter of which reflects both the increases in claims reserve and the claims paid during the year.

General administrative expenses include the portion of salaries, rent, cost of office equipment, and all other expenses not directly related to claims. Administrative expenses were 8% of the total expenses (administrative plus claimant) in both 2009 and 2008. Management estimates that approximately 80% of the total administrative expenses are directly related to claims administration. Of the total administrative expenses of approximately \$981,000 in 2009, approximately \$785,000 or 80% is related to claims and approximately \$196,000 is related to program administration. In 2008, 80% or approximately \$753,000 of approximately \$941,000 in administrative expenses was related to claims and approximately \$188,000 was related to program administration.

VIRGINIA BIRTH-RELATED NEUROLOGICAL INJURY COMPENSATION PROGRAM

Management's Discussion and Analysis

December 31, 2009

Provision for claims includes the portion of general administration expenses related to claims and actual and future expenses related to claims. Claimant expenses include nursing, therapy, physician and hospital visits, prescriptions, housing, transportation, the wage benefit and durable medical equipment. Provision for claims has decreased from \$33.5 million in 2008 to \$26.6 million in 2009. These decreases are primarily due to the changes in actuarial assumptions and differences in the estimated future claims expense and actual expense as discussed previously in this report.

Economic Factors

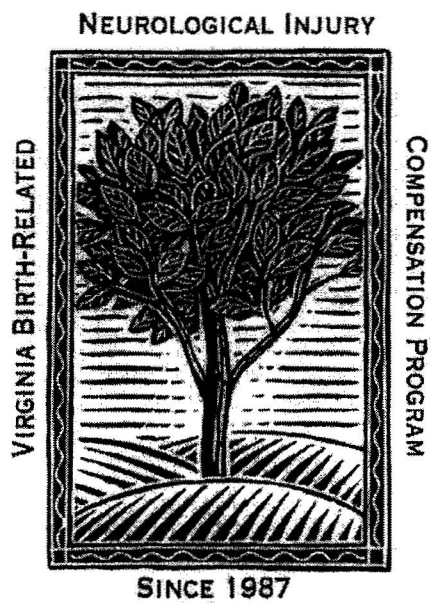
As previously mentioned, the Program's funds have experienced an increase as a result of improving economic conditions in 2009. The Program's conservative policy that provided significant downside protection during the financial crisis in 2008 still allowed the portfolio to participate in the subsequent market recovery that began in the first quarter of 2009. The investment portfolio recorded a gain of 21% for the year of 2009, outperforming both of the target benchmarks.

As of December 31, 2009, 64% of the investment portfolio was invested in separate accounts and 36% was invested in mutual funds. The Board believes these actions together with the guidance from CapGroup, the Program's investment advisor, have significantly improved the investment strategy and will continue to enhance the financial position of the Program, which is an important factor in reducing the actuarial deficit.

Contacting the Program's Financial Management

This financial report is designed to provide users (e.g., citizens, taxpayers, claimant families, service providers and creditors) with a general overview of the Program's finances and to demonstrate the Program's accountability for the funds it receives. Questions concerning this report or requests for additional information should be directed to the Deputy Director, 7501 Boulders View Dr. Suite 210, Richmond, VA 23225, 804-330-2471 or visit our website at <http://www.vabirthinjury.com>.

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BASIC FINANCIAL STATEMENTS

NEUROLOGICAL INJURY

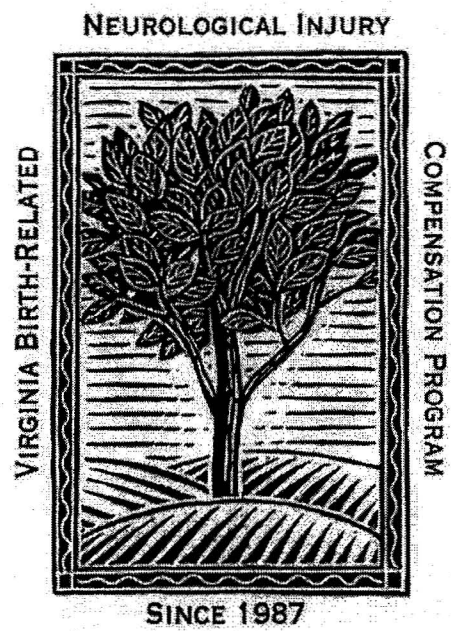


VIRGINIA BIRTH-RELATED

COMPENSATION PROGRAM

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**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Statement of Net Assets (Deficit)

December 31, 2009

Assets

Current assets:	
Cash and cash equivalents	\$ 28,658,354
Accrued interest and dividends	508,872
Total current assets	<u>29,167,226</u>
Noncurrent assets:	
Investments	216,493,823
Capital assets, net	9,130
Other assets	3,009
Total noncurrent assets	<u>216,505,962</u>
Total assets	<u>\$ 245,673,188</u>

Liabilities

Current liabilities:	
Accounts payable	\$ 1,074,045
Accrued liabilities	235,693
Current portion of unpaid claims reserve	12,000,000
Total current liabilities	<u>13,309,738</u>
Noncurrent liabilities:	
Unearned revenue	21,984,338
Unpaid claims reserve:	
Admitted claims, less current portion	240,900,000
Incurred but not reported claims	116,300,000
Total unpaid claims reserve	<u>357,200,000</u>
Total noncurrent liabilities	<u>379,184,338</u>
Total liabilities	<u>\$ 392,494,076</u>

Net Assets (Deficit)

Invested in capital assets, net of related debt	\$ 9,130
Unrestricted deficit	<u>(146,830,018)</u>
Total net assets (deficit)	<u>\$ (146,820,888)</u>

See accompanying notes to basic financial statements.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Statement of Revenues, Expenses, and Changes in Fund Net Assets (Deficit)

Year ended December 31, 2009

Operating revenues:		
Participating hospitals	\$	3,750,364
Participating physicians		3,532,187
Mandated physician fees		4,170,750
Insurance fees		12,620,887
Other		54
		<hr/>
Total operating revenues		24,074,242
		<hr/>
Operating expenses:		
Provision for claims		26,572,068
General and administration		196,161
		<hr/>
Total operating expenses		26,768,229
		<hr/>
Operating loss		(2,693,987)
		<hr/>
Nonoperating revenue:		
Net investment income		36,587,978
Miscellaneous		78,884
		<hr/>
Net nonoperating revenue		36,666,862
		<hr/>
Change in net assets		33,972,875
		<hr/>
Net assets (deficit) at beginning of year		(182,603,464)
Cumulative effect of accounting change		1,809,701
		<hr/>
Adjusted net assets (deficit) at beginning of year		(180,793,763)
		<hr/>
Net assets (deficit) at end of year	\$	<u><u>(146,820,888)</u></u>

See accompanying notes to basic financial statements.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

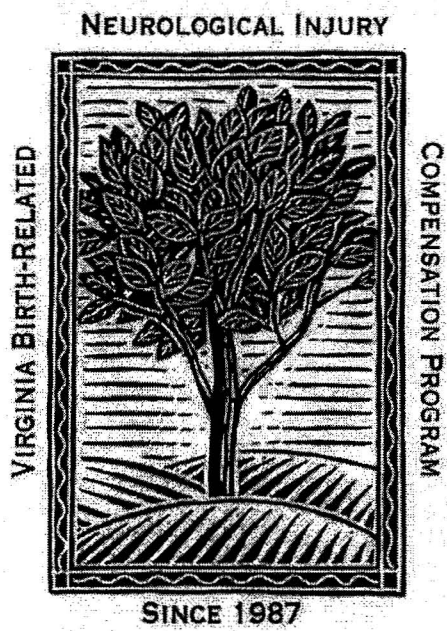
Statement of Cash Flows

Year ended December 31, 2009

Cash flows from operating activities:	
Receipts from hospitals	\$ 3,738,841
Receipts from participating physicians	3,816,034
Mandated physician fee receipts	3,726,630
Receipts from insurance companies	12,141,958
Other receipts	54
Payments on behalf of claimants	(10,646,091)
Payments to suppliers of goods and services	(380,410)
Payments to employees	(556,893)
	<u>11,840,123</u>
Net cash provided by operating activities	
Cash flows used in capital and related financing activities:	
Purchase of capital assets	<u>(3,988)</u>
Cash flows from investing activities:	
Purchase of investments	(199,121,899)
Proceeds from sale and maturity of investments	185,254,950
Earnings on investments	5,853,104
	<u>(8,013,845)</u>
Net cash used in investing activities	
Net increase in cash and cash equivalents	3,822,290
Cash and cash equivalents:	
Beginning of year	<u>24,836,064</u>
End of year	<u>\$ 28,658,354</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (2,693,987)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	5,935
Increase (decrease) in:	
Accounts payable	(58,687)
Accrued liabilities	37,585
Unearned revenue	(650,723)
Claims reserve	15,200,000
	<u>11,840,123</u>
Net cash provided by operating activities	<u>\$ 11,840,123</u>
Noncash investing activities:	
Net appreciation in fair value of investments	\$ 35,596,152

See accompanying notes to basic financial statements.

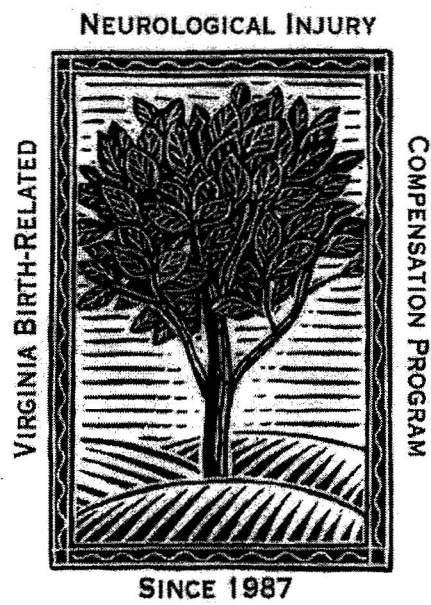
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NOTES TO BASIC FINANCIAL STATEMENTS



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**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Notes to Basic Financial Statements

December 31, 2009

(1) Summary of Significant Accounting Policies

(a) Nature of Organization

The Virginia Birth-Related Neurological Injury Compensation Program (the Program) was established under the Virginia Birth-Related Neurological Injury Compensation Act (1987, c.540) (the Act). The Program is a related organization for which the elected officials of the Commonwealth of Virginia are accountable as they appoint a voting majority of the Board of Directors (the Board). The Act creates a compensation program that assures lifetime care of infants with severe neurological injuries. The Program is funded through annual assessments of participating physicians and participating hospitals. Liability insurers and nonparticipating physicians contribute to the fund, if necessary, based upon actual experience of the fund. The Program receives no federal or state government funding.

(b) Basis of Accounting

The Program operates as an insurance enterprise fund subject to Governmental Accounting Standards Board (GASB) Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, GASB Statement No. 30, *Risk Financing Omnibus – An Amendment to GASB Statement No. 10*, and Financial Accounting Standards Board (FASB) Statement No. 60, *Accounting and Reporting for Insurance Enterprises*.

The basic financial statements of the enterprise fund are presented on the accrual basis of accounting, using the economic resources measurement focus. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. The Program distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and collecting fees in connection with the Program's principal ongoing operations.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, proprietary fund types may follow all applicable GASB pronouncements as well as only those FASB pronouncements and predecessor APB Opinions and Accounting Research Bulletins issued on or before November 30, 1989. Under paragraph 7 of GASB Statement No. 20, the Program has elected not to apply FASB pronouncements issued after November 30, 1989.

(c) Use of Estimates

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(d) Administrative Expenses

Administrative expenses include salaries, rent, cost of noncapitalizable office equipment and other expenses not directly related to claims. In 2009, administrative expenses related to claims processing

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Notes to Basic Financial Statements

December 31, 2009

of approximately \$981,000 were allocated to provision for claims expense in the amount of approximately \$785,000 and to general and administrative expense in the amount of approximately \$196,000.

(e) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, the Program considers investments with original maturities of three months or less to be cash equivalents.

(f) Investments

At December 31, 2009, the Program's investments are stated at fair value based on quoted market prices. The Program's investments consist of various index mutual funds and actively managed investments in separate accounts including large and small cap equities, foreign equities, and bonds. Mutual fund investments are valued at their quoted net asset value on the last trading day of the year. Equity securities are valued at the last reported sale price or, if no sale, the latest available bid price on the last business day of the year. All other investments, excluding real estate held in trust, are valued based on amounts provided by the investment advisor or fund administrator.

Under guidelines established by the Board, the Program could, up until 1999, approve the purchase or construction of a home for the family of a claimant subject to certain restrictions. The home is held in a trust and remains the property of the Program, subject to use by the claimant's family during the term of the trust and subject to conditions imposed by the trust agreement. The trust expires upon the death or institutionalization of the claimant, and stipulates that during occupancy the family is responsible for the payment of utilities, general maintenance of the home, and certain other similar obligations. The Program adopted GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, effective January 1, 2009. GASB 52 requires the Program to report its real estate held in trust at fair value. Prior to January 1, 2009, the Program reported its real estate held in trust at the lower of cost or fair value. The fair value of real estate held in trust is based on independent appraisals. The cumulative effect of adoption of GASB 52 resulted in an increase of approximately \$1,800,000 to beginning net assets.

(g) Capital Assets

Capital assets with a cost of \$1,000 or more (threshold implemented in 2004) are recorded at cost. The costs of major improvements are capitalized while the cost of maintenance and repairs, which do not improve or extend the life of an asset, are expensed. Depreciation is provided over the assets' estimated useful lives of three to seven years using the straight-line method.

(h) Unearned Revenue

Unearned revenue represents amounts for which revenue recognition criteria have not been met. It is the Program's policy to recognize mandated assessments, participating doctor and hospital fees, and insurance fees on a pro-rata basis over the period in which the assessment or coverage is related,

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Notes to Basic Financial Statements

December 31, 2009

which is one year. Unearned revenue is classified as noncurrent since management has determined that it will not be used to pay expenses in the next twelve months.

(i) Estimated Liability for Unpaid Claims

The liability for unpaid claims represents management's estimate, developed in conjunction with the assistance of the Program's actuary, of the Program's discounted estimated cost of payments for both claimants admitted to the Program and an estimated number of not-yet-admitted claimants with birth dates prior to the date of the statement of net assets that will be admitted to the Program subsequent to the date of the statement of net assets. Changes in estimates of such costs are recognized in results of operations in the period in which the changes in estimate are made.

The development of liabilities for future benefit requires management to make estimates and assumptions regarding mortality, morbidity, lapse, expense, and investment experience. Such estimates are primarily based on historical experience and future expectations of these assumptions. The Program's actual incurred losses may vary significantly from the estimated amount included in the Program's financial statements. Management monitors actual experience and, if circumstances warrant, revises its assumptions and the related future policy benefit estimates.

(2) Deposits and Investments

The Program's deposit and investment portfolio consists of the following at December 31, 2009:

Cash and cash equivalents	\$	28,658,354
Investments:		
Mutual funds:		
Large cap		38,857,125
U.S. fixed income		55,095,918
International fixed income		4,342,725
International growth		14,713,249
International value		15,344,707
Emerging markets		6,354,101
Separate accounts:		
Large cap growth		12,989,187
Large cap value		14,487,058
Small cap growth		5,604,915
Small cap value		5,276,126
Core fixed income		36,892,726
Real estate held in trust		6,535,986
		216,493,823
Total investments		216,493,823
Total cash and cash equivalents and investments	\$	245,152,177

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Notes to Basic Financial Statements

December 31, 2009

(a) Deposits

All cash of the Program is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance.

(b) Investments

In accordance with the Virginia Birth-Related Injury Compensation Act, Section 38.2-5016 of the Code of Virginia, the Board of Directors is given the authority to invest the Program's funds in a careful and prudent manner at the advice of the investment advisor.

Credit risk: – The Program's Investment Policy states that no more than 20% of the fair value of the fixed income portfolio shall be rated less than single "A" quality. The Program's fixed income portfolio at December 31, 2009 is as follows:

		<u>Rating</u>	<u>Fair value 2009</u>	<u>Percent of Portfolio</u>	<u>Average Maturity (in years)</u>
Mutual funds:					
Vanguard Bond Index	(2)	AA+	\$ 26,203,770	12.5%	6.7
Western Asset Core Plus	(1)	AA	18,551,723	8.8	8.2
Loomis Sayles Global Bond Fund	(1)	Aa1	4,342,725	2.1	6.3
PIMCO Total Return Fund	(1)	AA	10,340,425	4.9	6.0
Separate accounts:					
Atlantic Asset Management	(2)	Aa2/AA	18,372,663	8.8	6.1
Richmond Capital Management	(1)	AA	<u>18,520,063</u>	8.8	6.0
Total			<u>\$ 96,331,369</u>		

(1) Average of Moodys and Standard and Poors ratings

(2) Moodys Investors Service/Standard and Poors

Interest rate risk: – The Program does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Foreign currency risk: – The Program manages its risk associated with foreign currency fluctuations with the asset allocations outlined in its Investment Policy that limit its investments in international developed and emerging index funds up to 29% of its overall portfolio. The Program's investments subjected to foreign currency risk at December 31, 2009 include mutual funds totaling \$40,754,782.

Custodial credit risk: – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Program will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Program's deposits are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance. In

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Notes to Basic Financial Statements

December 31, 2009

addition, it is the Program's practice, although not a formal policy that the investment accounts be held in the Program's name.

The Program's return on investments for the year ending December 31, 2009 is summarized as follows:

Interest income	\$	1,620,478
Dividend income		4,672,750
Realized loss on investments		(4,762,102)
Net appreciation in fair value of investments		35,596,152
Investment fees		(477,479)
Fiduciary fees		(61,821)
Net investment income	\$	36,587,978

(3) Capital Assets

Capital assets at December 31, 2009 and the related changes for the year ended were as follows:

		January 1, 2009	Increases	Decreases	December 31, 2009
Computer equipment	\$	38,235	2,050	(228)	40,057
Office equipment		34,086	1,937	—	36,023
Automobiles		17,237	—	—	17,237
		89,558	3,987	(228)	93,317
Less accumulated depreciation		(78,484)	(5,935)	232	(84,187)
Capital assets, net	\$	11,074	(1,948)	4	9,130

(4) Estimated Liability for Unpaid Claims

The estimated liability for unpaid claims is the discounted estimated cost of payments for both claimants admitted to the Program and an estimated number of not-yet-admitted claimants with birth dates prior to the date of the statement of net assets that will be admitted to the Program subsequent to the date of the statement of net assets. This discounted cost represents the amount that would need to be invested, as of the date of the statement of net assets, to pay the claimant expenses as they become due. The liability is determined based on an actuarial study, which is mandated to be performed no less frequently than biennially (done annually for 2009 and 2008). Eligible costs under the Program are costs not otherwise paid by private insurance or other government programs. Costs include nursing, housing, hospitals and physicians, physical therapy, vans, medical equipment, prescription drugs, various other incidental items, loss of earnings, and claim filing expenses.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Notes to Basic Financial Statements

December 31, 2009

In general terms, the estimated liability for unpaid claims is determined as follows:

- (1) The total number of claimants is estimated (actual number of admitted claimants plus estimate of the number of not-yet-admitted claimants born prior to year-end).
- (2) Future payments, by category of expense paid for each claimant, are forecast. These estimates are based on the actual payments made by the Program on behalf of the claimants who had been in the program for three or more years as of December 31, 2009 (taking into consideration each claimant's insurance coverage and eligibility for Medicaid), as well as assumptions regarding future cost of inflation and future increases in the utilization of the benefits and services of the Program.
- (3) Projected future payments to each claimant are adjusted to reflect an assumed life expectancy for each claimant and the time value of money.

The estimated liability for unpaid claims is forecast based on actual information through the prior fiscal year.

Significant actuarial assumptions for 2009 include:

	2009
Rate of claims inflation (varies based on category of expense)	1.04% – 5.79%
Investment earnings/discount rate	6.58%
Mortality:	
Average life expectancy of claimant at birth	26.4 years
Average life expectancy of claimant that attains the age of three	28.3 years
Estimated number of not-yet-admitted claimants born prior to year end. Estimate Estimate is based on review of how long it takes for claimants to be admitted to the Program.	49 claimants

The total number of claimants (admitted claimants and not-yet-admitted claimants) is estimated to be 200 as of December 31, 2009.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Notes to Basic Financial Statements

December 31, 2009

The following represents changes in the unpaid claims reserves for the Program for the year ended December 31, 2009:

	2009	2008
Unpaid claims and claim adjustment expenses at beginning of year	\$ 354,000,000	332,200,000
Incurred claims:		
Estimated future payments for new claimants admitted in current year	22,300,000	23,300,000
Estimated future payments for new claimants admitted in prior years	22,400,000	21,100,000
Total incurred claims	44,700,000	44,400,000
Claims payments:		
Estimated claims payments for claimants admitted in current year	(1,700,000)	(2,800,000)
Estimated claims payments for claimants admitted in prior years	(15,200,000)	(18,400,000)
Total claims payments	(16,900,000)	(21,200,000)
Decrease in provision for change in methodology and assumptions	(12,600,000)	(1,400,000)
Unpaid claims and claim adjustment expenses at end of year	\$ 369,200,000	354,000,000

The total undiscounted unpaid claims and claim adjustment expenses amount to \$2,424,700,000 at December 31, 2009 and represent unaudited estimates.

(5) Employee Benefits

The Program pays each employee an amount equal to 27% of his or her salary in lieu of a benefits package. This additional salary is to be used by the employee to acquire certain benefits, if they so choose, and is subject to income and payroll taxes. Additional benefits paid by the Program to its employees amounted to \$97,864 for the year ending December 31, 2009. These benefits are included as salary and benefits expense on the Program's supplementary schedule of general and administrative expenses.

(6) Operating Lease Commitments

The Program leases its office space under an operating lease expiring in April 2013. Rent expense totaled \$65,390 for 2009.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Notes to Basic Financial Statements

December 31, 2009

Future minimum obligations under this lease are as follows:

2010	\$	63,939
2011		65,857
2012		67,833
2013		22,833

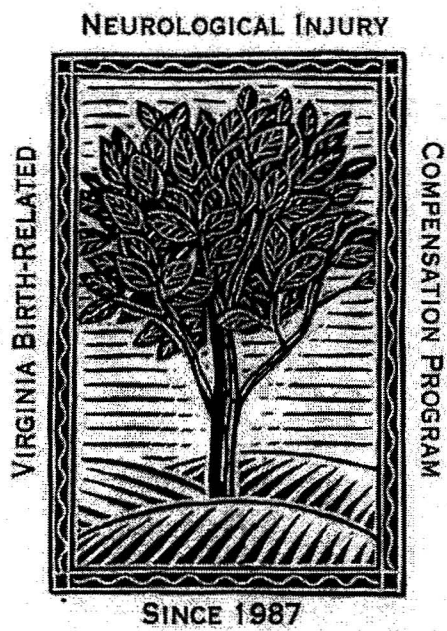
(7) Liquidity

The most recent actuarial study performed for the year ended December 31, 2009, which used claims data as of December 31, 2008, determined that the Program was not actuarially sound. However, the actuarial study did point out that the Program is not in any immediate danger of defaulting on the payment of benefits and that the Program has sufficient assets to continue to pay for claimants' benefits for the subsequent twenty years.

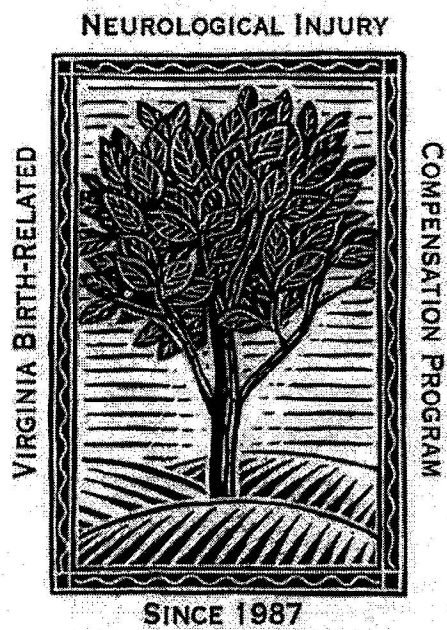
(8) Contingencies

Various pending and threatened lawsuits claim eligibility for program benefits. Management believes the Program's claims reserves based upon actuarial assumptions are adequate to provide for the ultimate resolution of these claims.

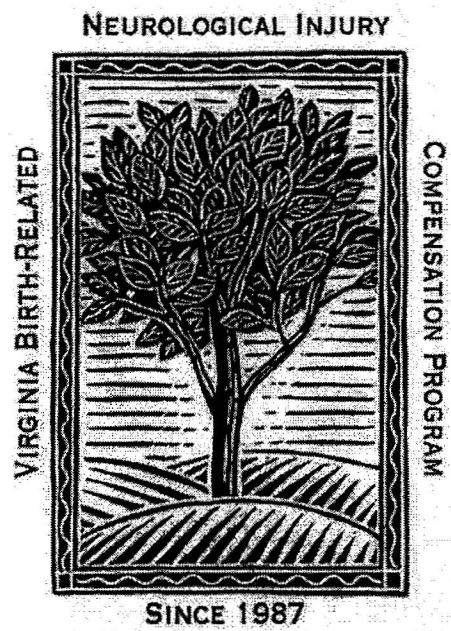
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REQUIRED SUPPLEMENTARY INFORMATION



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**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Claims Development Information

December 31, 2009

(In thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
(1) Premiums and investment revenue:										
Earned	\$ 6,001	9,378	18,136	26,131	25,445	26,032	40,292	39,964	(20,801)	60,741
(2) Unallocated expenses	53	—	169	129	137	183	189	197	188	196
(3) Estimated losses and expenses, end of birth year:										
Incurred	7,336	12,871	13,661	14,000	20,733	21,652	23,000	24,500	23,300	22,300
(4) Net paid (cumulative) as of:										
End of birth year	—	—	—	—	—	—	—	—	—	68
One year later	143	119	143	159	—	—	161	124	331	—
Two years later	574	478	572	663	4	42	345	369	—	—
Three years later	914	761	1,190	1,548	217	90	420	—	—	—
Four years later	1,589	1,126	2,008	2,439	575	421	—	—	—	—
Five years later	2,167	1,892	2,795	3,349	802	—	—	—	—	—
Six years later	2,936	2,325	3,881	3,913	—	—	—	—	—	—
Seven years later	3,574	2,902	4,330	—	—	—	—	—	—	—
Eight years later	4,273	3,463	—	—	—	—	—	—	—	—
Nine years later	4,895	—	—	—	—	—	—	—	—	—
(5) Reestimated ceded losses and expenses	—	—	—	—	—	—	—	—	—	—
(6) Reestimated net incurred losses and expenses:										
End of birth year	7,336	12,871	13,661	14,000	20,733	21,652	23,000	24,500	23,300	22,300
One year later	11,827	12,357	13,244	15,333	22,558	22,038	23,021	24,358	20,606	—
Two years later	11,533	11,963	14,544	16,565	22,927	22,058	22,888	21,479	—	—
Three years later	11,309	13,188	15,747	16,814	22,946	21,932	19,644	—	—	—
Four years later	12,008	14,321	15,990	16,827	22,826	18,879	—	—	—	—
Five years later	12,653	14,550	16,002	16,746	19,902	—	—	—	—	—
Six years later	12,784	14,562	15,923	14,772	—	—	—	—	—	—
Seven years later	12,790	14,488	13,997	—	—	—	—	—	—	—
Eight years later	12,748	12,673	—	—	—	—	—	—	—	—
Nine years later	11,713	—	—	—	—	—	—	—	—	—
(7) Increase (decrease) in estimated net incurred losses and expenses from end of birth year	4,377	(198)	336	772	(831)	(2,773)	(3,356)	(3,021)	(2,694)	—

See accompanying independent auditors' report and notes to required supplementary information.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

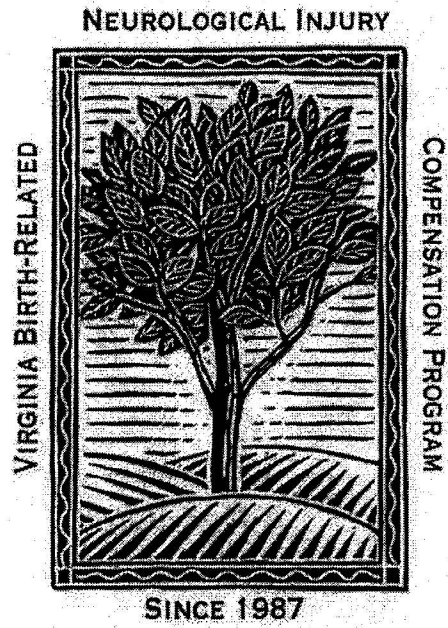
Notes to Required Supplementary Information

December 31, 2009

(1) Claims Development Information

The table on the preceding page illustrates how the Program's earned revenue and investment income compare to related costs of loss and other expenses assumed by the Program as of the end of each of the previous ten years. The rows of the table are defined as follows: (1) This line shows the total of each year's gross earned premiums and reported investment revenue. (2) This line shows each year's other operating costs of the Program including overhead and loss adjustment expenses not allocable to individual claims. (3) This line shows the Program's gross incurred losses and allocated loss adjustment expense and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called birth year). (4) This Section of ten rows shows the cumulative net amounts paid as of the end of successive years for each birth year. (5) This line shows the latest re-estimated amount of losses assumed by re-insurers for each birth year. (6) This section of ten rows shows how each birth year's net incurred losses increased or decreased as of the end of successive years. (This annual re-estimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known). (7) This line compares the latest re-estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual birth years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature birth years. The columns of the table show data for successive birth years.

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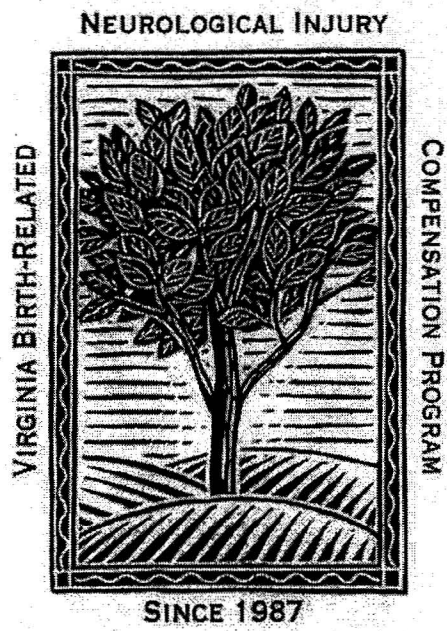
STATISTICAL SECTION

NEUROLOGICAL INJURY



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VIRGINIA BIRTH-RELATED NEUROLOGICAL INJURY COMPENSATION PROGRAM

Statistical Section

December 31, 2009 and 2008

Statistical Section

This Section of the Program's CAFR presents detailed information as a context for understanding what the information in the basic financial statements and required supplementary information indicate about the Program's overall financial health. This information has not been audited by the independent auditors.

Financial Trends

These tables contain trend information to help the reader understand how the Program's financial performance and well-being changed over time.

Table 1	Net Deficit by Component
Table 2	Changes in Fund Net Assets (Deficit)
Table 3	Average Cost per Active Claimant
Table 4	Schedule of General and Administrative Expenses

Revenue Capacity

This table contains information to help the reader assess the Program's significant operating revenues.

Table 5	Rates and Assessments
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Economic and Demographic Information

These tables offer economic and demographic indicators to help the reader understand the environment within which the Program's financial activities take place.

Table 6	Physicians, Hospitals, and Insurance Companies
Table 7	Virginia Demographic Statistics

Operating Information

These tables contain operating and claimant data to help the reader understand how the information in the Program's financial report relates to the services the Program provides and the activities it performs.

Table 8	Number of Admitted, Deceased, and Active Claimants
Table 9	Number of Employees by Identifiable Activities

Sources: Unless otherwise noted, the information in this Section is derived from the Program's comprehensive annual financial reports for the relevant years. The Program implemented the new reporting model, GASB 34 during the year ended December 31, 2002.

Table 1

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Net Deficit by Component

Last eight fiscal years

Year ended December 31	Invested in capital assets, net of related debt	Unrestricted deficit	Total net deficit
2002	\$ 35,224	(81,918,097)	(81,882,873)
2003	26,632	(76,529,331)	(76,502,699)
2004	26,887	(99,184,336)	(99,157,449)
2005	19,755	(125,181,112)	(125,161,357)
2006	16,302	(129,328,796)	(129,312,494)
2007	10,504	(127,646,193)	(127,635,689)
2008 – adjusted for adoption of GASB 52	11,074	(180,804,837)	(180,793,763)
2009	9,130	(146,830,018)	(146,820,888)

See accompanying independent auditors' report.

Table 2

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Schedule of Revenues, Expenses, and Changes in Fund Net Assets (Deficit)

Last eight fiscal years

	2009	2008	2007	2006	2005	2004	2003	2002
Operating revenues:								
Participating hospitals	\$ 3,750,364	3,373,339	2,715,783	2,926,900	2,753,450	2,730,909	2,357,975	2,256,000
Participating physicians	3,532,187	3,358,073	3,223,346	2,843,793	2,342,449	2,211,184	1,860,843	1,554,790
Mandated physician fees	4,170,750	3,992,183	3,747,915	3,734,266	3,444,676	3,436,378	3,148,690	3,252,200
Insurance fees	12,620,887	12,830,024	12,641,617	11,945,795	11,314,150	9,948,858	8,993,616	8,042,558
Other	54	71	21,296	136,676	—	100	124,914	—
Total operating revenues	<u>24,074,242</u>	<u>23,553,690</u>	<u>22,349,957</u>	<u>21,587,430</u>	<u>19,854,725</u>	<u>18,327,429</u>	<u>16,486,038</u>	<u>15,105,548</u>
Operating expenses:								
Provision for claims	26,572,068	33,458,390	38,009,839	44,254,224	51,853,223	47,963,625	20,621,718	19,600,653
General and administration	196,161	188,126	197,353	188,573	183,164	136,569	129,397	168,682
Total operating expenses	<u>26,768,229</u>	<u>33,646,516</u>	<u>38,207,192</u>	<u>44,442,797</u>	<u>52,036,387</u>	<u>48,100,194</u>	<u>20,751,115</u>	<u>19,769,335</u>
Operating loss	<u>(2,693,987)</u>	<u>(10,092,826)</u>	<u>(15,857,235)</u>	<u>(22,855,367)</u>	<u>(32,181,662)</u>	<u>(29,772,765)</u>	<u>(4,265,077)</u>	<u>(4,663,787)</u>
Nonoperating revenue (expense):								
Net investment income and miscellaneous	36,666,862	(44,874,949)	17,534,040	18,704,230	6,177,754	7,118,015	9,645,251	3,948,476
Change in net assets (deficit)	33,972,875	(54,967,775)	1,676,805	(4,151,137)	(26,003,908)	(22,654,750)	5,380,174	(715,311)
Net assets (deficit) at beginning of year	<u>(180,793,763)</u>	<u>(127,635,689)</u>	<u>(129,312,494)</u>	<u>(125,161,357)</u>	<u>(99,157,449)</u>	<u>(76,502,699)</u>	<u>(81,882,873)</u>	<u>(81,167,562)</u>
Net assets (deficit) at end of year	<u>\$ (146,820,888)</u>	<u>(182,603,464)</u>	<u>(127,635,689)</u>	<u>(129,312,494)</u>	<u>(125,161,357)</u>	<u>(99,157,449)</u>	<u>(76,502,699)</u>	<u>(81,882,873)</u>

See accompanying independent auditors' report.

Table 3

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Analysis of Average Cost per Active Claimant

Last eight fiscal years

Year	2009	2008	2007	2006	2005	2004	2003	2002
Claims expense	\$ 11,372,049	11,658,390	10,209,839	11,054,224	9,453,223	6,863,625	6,021,718	5,700,653
Number of active claimants	113	111	109	96	91	82	74	67
Average expense per claimant	\$ 100,638	105,031	93,668	115,148	103,882	83,703	81,375	85,084
Percent increase or decrease from prior year	(4.2)%	12.1%	(18.7)%	10.8%	24.1%	2.9%	(4.4)%	(17.2)%
Breakdown of claims expenses into major categories								
Category	2009	2008	2007	2006	2005	2004	2003	2002
Nursing	\$ 7,194,528	6,983,584	6,448,647	6,186,118	5,541,310	4,372,664	2,896,420	2,603,363
Physician/Hospital	59,474	68,119	96,123	81,115	63,976	142,664	239,531	495,169
Therapy	219,303	254,923	254,876	231,712	197,991	111,324	121,300	124,756
Incidentals	139,064	193,317	151,903	179,888	181,039	128,642	122,361	80,536
Prescription	151,905	135,239	127,809	115,265	104,329	76,789	114,313	127,646
Housing	839,436	1,360,826	756,673	1,445,145	937,368	327,912	825,924	819,457
Van	351,673	526,513	501,827	863,555	734,953	315,917	546,992	189,613
Medical equipment	166,926	211,562	188,897	319,405	162,970	219,142	95,923	121,214
Legal fees – claimant	165,654	299,892	283,809	470,204	350,667	315,917	51,986	243,167
Legal fees – attorney general	117,500	150,000	150,000	187,500	225,000	—	—	—
Auto/Health insurance	141,193	143,283	150,940	120,678	104,718	97,893	73,595	10,913
Mileage reimbursement	41,689	73,978	49,276	72,480	32,342	27,822	32,315	8,589
Wage benefit payment	334,207	245,052	97,163	—	—	—	—	—
WCC ordered award	595,850	200,000	—	—	—	—	—	—
Claimant related administrative	784,645	752,504	789,413	754,290	732,654	600,000	562,500	495,000
Other	69,002	59,598	162,483	26,870	83,906	126,939	338,558	381,230
Total claims expense	\$ 11,372,049	11,658,390	10,209,839	11,054,225	9,453,223	6,863,625	6,021,718	5,700,653
Percent increase or decrease from prior year	(2.5)%	14.2%	(7.6)%	16.9%	37.7%	14.0%	5.6%	(7.5)%
Percentage of expense per total claims expense								
Category	2009	2008	2007	2006	2005	2004	2003	2002
Nursing	63.27%	59.90%	63.16%	55.96%	58.62%	63.71%	48.10%	45.67%
Physician/Hospital	0.52	0.58	0.94	0.73	0.68	2.08	3.98	8.69
Therapy	1.93	2.19	2.50	2.10	2.09	1.62	2.01	2.19
Incidentals	1.22	1.66	1.49	1.63	1.92	1.87	2.03	1.41
Prescription	1.34	1.16	1.25	1.04	1.10	1.12	1.90	2.24
Housing	7.38	11.67	7.41	13.07	9.92	4.78	13.72	14.37
Van	3.09	4.52	4.92	7.81	7.77	4.60	9.08	3.33
Medical equipment	1.47	1.81	1.85	2.89	1.72	3.19	1.59	2.13
Legal	1.46	2.57	2.78	4.25	3.71	4.60	0.86	4.27
Legal fees – attorney general	1.03	1.29	1.47	1.70	2.38	—	—	—
Auto/Health insurance	1.24	1.23	1.48	1.09	1.11	1.43	1.22	0.19
Mileage reimbursement	0.37	0.63	0.48	0.66	0.34	0.41	0.54	0.15
Wage benefit payment	2.94	2.10	0.95	—	—	—	—	—
WCC ordered award	5.24	1.72	—	—	—	—	—	—
Claimant related administrative	6.90	6.45	7.73	6.82	7.75	8.74	9.34	8.68
Other	0.61	0.51	1.59	0.24	0.89	1.85	5.62	6.69
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Change in claims provision	\$ 15,200,000	21,800,000	27,800,000	33,200,000	42,400,000	41,100,000	14,600,000	13,900,000
Nonclaims related administrative	196,161	188,126	197,353	188,573	183,164	136,569	129,397	168,682
Total operating expense	\$ 26,768,210	33,646,516	38,207,192	44,442,798	52,036,387	48,100,194	20,751,115	19,769,335

Notes:

- Active claimants are the total admitted claimants less deceased.
- Other expenses may include medical review, therapeutic toys, computer equipment, funeral expense and medical service dog.

See accompanying independent auditors' report.

Table 4

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Schedule of General and Administrative Expenses

Last eight fiscal years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Advertising and brochures	\$ 2,177	3,841	1,533	4,260	5,249	11,980	35,350	54,139
Computer services	13,065	10,672	10,028	9,558	13,226	12,758	16,159	13,123
Depreciation and amortization	5,936	4,299	6,504	8,669	10,528	11,536	10,993	10,458
Office	14,409	11,623	7,714	9,460	7,771	6,785	7,256	8,455
Other	24,002	22,974	34,130	48,090	55,111	34,541	39,457	46,376
Postage and mailing	8,071	11,100	10,292	8,879	9,909	12,790	13,254	10,348
Professional fees	280,842	234,935	327,188	282,766	286,744	174,480	158,413	119,515
Rent	68,008	62,844	60,957	60,589	59,143	53,498	52,216	48,397
Salaries and benefits	556,899	568,263	518,682	502,315	458,511	352,770	345,988	334,745
Telephone	7,397	10,079	9,736	8,277	9,625	11,709	12,811	16,124
	<u>980,806</u>	<u>940,630</u>	<u>986,764</u>	<u>942,863</u>	<u>915,817</u>	<u>682,847</u>	<u>691,897</u>	<u>661,680</u>
Less claims administration (allocations)	<u>784,645</u>	<u>752,504</u>	<u>789,411</u>	<u>754,290</u>	<u>732,654</u>	<u>546,278</u>	<u>562,500</u>	<u>495,000</u>
Unallocated expenses	<u>\$ 196,161</u>	<u>188,126</u>	<u>197,353</u>	<u>188,573</u>	<u>183,163</u>	<u>136,569</u>	<u>129,397</u>	<u>166,680</u>

See accompanying independent auditors' report.

Table 5

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Rates and Assessments

Last eight fiscal years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Participating physicians	\$ 5,600	5,400	5,300	5,200	5,100	5,000	5,000	5,000
Non participating physician	300	290	280	270	260	250	250	250
	\$52.50/live birth not to exceed	\$50/live birth not to exceed	\$50/live birth not to exceed	\$50/live birth not to exceed	\$50/live birth not to exceed	\$50/live birth not to exceed	\$50/live birth not to exceed	\$50/live birth not to exceed
Hospitals	\$200,000	\$190,000	\$180,000	\$170,000	\$160,000	\$150,000	\$150,000	\$150,000
Insurance companies estimated net direct premiums subject to assessment	\$ 5,048,354,800	5,132,009,600	5,056,646,800	4,778,318,000	4,525,660,000	3,979,543,200	3,597,446,400	3,217,023,200

Notes:

Insurance companies pay one quarter of one percent of net direct premiums written, however, only the liability portion of the premium is assessable as determined by the Virginia Workers Compensation Commission.

Legislation states (§38.2-5020 E) that if required to maintain the Program on an actuarially sound basis, liability insurers shall pay an assessment to the Program. During the years 1998 through 2001, the Program was considered actuarially sound by the Virginia State Corporation Commission and insurance carriers were not required to pay. During the years 2002 through 2009, the Program was determined to be actuarially unsound and the liability insurers were required to pay.

Legislation states (§38.2-5020 G) that if the Virginia State Corporation Commission determines the Program is actuarially sound it will suspend the assessment on nonparticipating physicians. The assessment will be reinstated if it is determined that the assessment is required to maintain actuarial soundness. During the years 1998 through 2001, the Program was considered actuarially sound and nonparticipating physicians were not required to pay. During the years 2002 through 2009, the Program has been determined not actuarially sound and the assessment was reinstated.

See accompanying independent auditors' report.

Table 6

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Physicians, Hospitals, and Insurance Companies

Last eight fiscal years

	2009	2008	2007	2006	2005	2004	2003	2002
Participating:								
Doctors	648	653	622	577	536	508	410	358
Residents	—	88	77	155	147	456	174	131
Total participating physicians	648	741	699	732	683	964	584	489
Mandatory:								
Total mandatory physicians	14,076	13,797	13,817	13,597	13,219	13,445	12,200	12,413
Delinquent:								
Total delinquent physicians	2,670	1,893	1,184	621	737	648	978	1,502
Exempt:								
E1	1,856	1,903	1,852	1,733	1,723	1,701	405	1,282
E2	1,876	2,777	2,739	3,145	2,252	2,742	1,614	2,482
E3	1,457	1,547	1,443	1,596	1,458	1,544	480	1,528
E4	195	204	179	168	167	170	55	170
E5	3,471	3,789	3,661	4,189	3,982	4,085	1,144	3,812
E6	—	531	800	546	442	15	48	1,284
Total exempt physicians	8,855	10,751	10,674	11,377	10,024	10,257	3,746	10,558
Total physicians	26,249	27,182	26,374	26,327	24,663	25,314	17,508	24,962
Hospitals	38	38	31	33	32	33	29	23
Insurance Companies	505	503	506	495	496	484	497	466

Notes:

State law allows a physician to be exempt from paying the mandated assessment if one of the five following criteria are met:

- E1. Employed by the Commonwealth of Virginia or federal government and income from professional fees from a source other than the Commonwealth of Virginia or federal government is less than 10% of annual salary.
- E2. Enrolled in a full-time graduate medical education program accredited by the American Council for Graduate Medical Education.
- E3. Retired from active medical practice.
- E4. Engaged in active clinical practice that was limited to the provision of services, voluntary and without compensation, to any patient of any clinic organized in whole or in part for the delivery of health care services without charge.
- E5. Not practicing medicine in Virginia (either not currently practicing or practicing in another state).
- E6. The above exemption numbers are due to undeliverable addresses returned by the Post Office.

Physicians that are delinquent as of year end are turned over to the Virginia State Corporation Commission, Division of Insurance.

Legislation states (§38.2-5020 E) that if required to maintain the Program on an actuarially sound basis, liability insurers shall pay an assessment to the Program. During the years 1998 through 2001, the Program was considered actuarially sound by the Virginia State Corporation Commission and insurance carriers were not required to pay. During the years 2002 through 2009, the Program was determined to be actuarially unsound and the liability insurers were required to pay.

Legislation states (§38.2-5020 G) that if the Virginia State Corporation Commission determines the Program is actuarially sound it will suspend the assessment on nonparticipating physicians. The assessment will be reinstated if it is determined that the assessment is required to maintain actuarial soundness. During the years 1998 through 2001, the Program was considered actuarially sound and nonparticipating physicians were not required to pay. During the years 2002 through 2009, the Program has been determined not actuarially sound and the assessment was reinstated.

See accompanying independent auditors' report.

Table 7

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

Virginia Demographic Statistics

Last eight fiscal years

Note:	2009	2008	2007	2006	2005	2004	2003	2002
1 Population	N/A	7,769,089	7,712,091	7,642,884	7,567,465	7,460,066	73,863,360	7,293,848
1 Number of births	N/A	106,578	108,417	106,474	104,488	103,830	100,561	99,235
2 Number of petitions filed	10	9	15	10	16	17	11	12
2 Number of claimants awarded	8	8	15	8	14	10	11	8
3 Total personal income	N/A	N/A	\$ 321,245,259	306,918,105	286,685,185	267,520,630	250,605,455	240,533,600
3 Per capita personal income	N/A	N/A	41,727	40,234	37,988	35,886	34,034	33,055
4 Unemployment rate	N/A	4.2%	3.0%	3.0%	3.5%	3.7%	4.1%	4.2%

Notes:

- 1 Statistics provided by the Virginia Center for Health Statistics.
- 2 Statistics provided by Program management.
- 3 Statistics provided by the Bureau of Economic Analysis
- 4 Statistics provided by the LAUS Unit and Bureau of Labor Statistics
About 85% of births are covered by either participating hospitals or physicians.

N/A – not available

See accompanying independent auditors' report.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**
Number of Admitted, Deceased, and Active Claimants
Last eight years

	Total year end 2001	2002 Activity	Total year end 2002	2003 Activity	Total year end 2003	2004 Activity	Total year end 2004	2005 Activity	Total year end 2005	2006 Activity	Total year end 2006	2007 Activity	Total year end 2007	2008 Activity	Total year end 2008	2009 Activity	Total year end 2009
Admitted	68	8	76	11	87	10	97	14	111	8	119	15	134	8	142	8	150
Deceased *	8	—	8	2	10	1	11	2	13	3	16	1	17	3	20	3	23
Deceased on award**	—	1	1	2	3	1	4	3	7	—	7	1	8	3	11	3	14
Total deceased	8		9		13		15		20		23		25		31		37
Active	60		67		74		82		91		96		109		111		113

Notes:

*Number of children in the Program that became deceased subsequent to their award.

**Number of children that were deceased at the time of award to the Program.

See accompanying independent auditors' report.

**VIRGINIA BIRTH-RELATED NEUROLOGICAL
INJURY COMPENSATION PROGRAM**

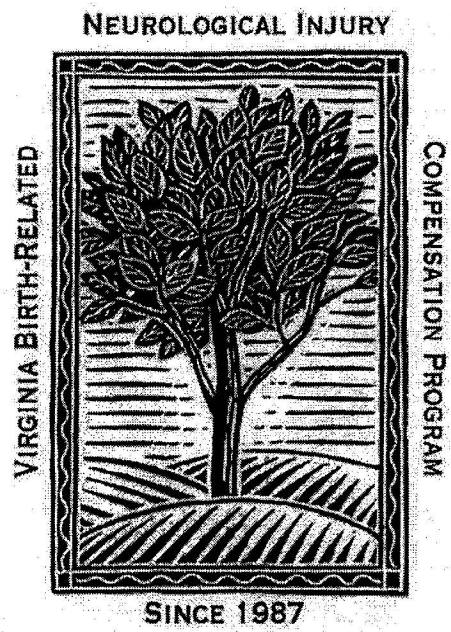
Number of Employees by Identifiable Activities

Last eight years

<u>Activity</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Executive director	1	1	1	1	1	1	1	1
Finance division	3	3	2	2	2	2	2	2
Claims and administration	6	6	6	5	5	5	4	4

See accompanying independent auditors' report.

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COMPLIANCE SECTION

NEUROLOGICAL INJURY

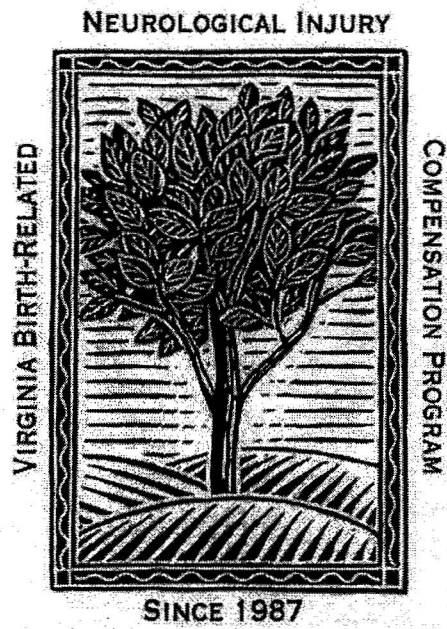


VIRGINIA BIRTH-RELATED

COMPENSATION PROGRAM

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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing
Standards***

The Board of Directors
Virginia Birth-Related Neurological
Injury Compensation Program:

We have audited the basic financial statements of Virginia Birth-Related Neurological Injury Compensation Program (the Program) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 4, 2010. Our report indicated that, the Program adopted the provisions of GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, effective January 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Program's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and that is described below. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Vendor Approvals and Set-Up

We noted that the Program lacks appropriate due diligence controls over the set up and approval of new vendors. We recommend that the Program review its existing policies and implement a more robust process to obtain information on and research each new vendor in order to verify the legitimacy and independence of each, prior to utilizing the vendor. Various sources that can be used to obtain this information include Google, Dun & Bradstreet, OneSource, etc. We recommend that the Program maintain this documentation in vendor files in addition to other information such as licenses, W-9 forms, etc. This additional control will help to ensure the Program that the vendors it conducts business with are legitimate and are accurately representing their companies and the good/services they provide.

Views of Responsible Officials

Contact Person – Candace Thomas, CGFM, Deputy Director

Corrective Action – We have updated our vendor set up process as follows in order to implement the recommendation:

- W-9 forms are sent to new vendors.
- Van dealers and contractors sign a no conflict form prior to payment.
- Deputy Director researches new vendors through a Google search to verify legitimacy and independence prior to utilizing the vendor. (Corrective action)
- Vendors that require background research are those that do not submit their charges through health insurance (i.e. van dealers, contractors, consultants, etc).
- Documentation related to the Google search is maintained in vendor files. (Corrective action)
- Only the Deputy Director is able to enter new vendors into QuickBooks.

Anticipated Completion Date – April 1, 2010

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Program in a separate letter dated June 4, 2010.

The Program's response to the finding identified in our audit is described above. We did not audit the Program's response and, accordingly, we express no opinion on it.



This report is intended solely for the information and use of management, the Board of Directors, the Commonwealth of Virginia, and others within the Program and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 4, 2010