

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

***FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT***

**DECEMBER 31, 2010 AND 2009**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Friends Fiduciary Corporation  
Philadelphia, Pennsylvania**

We have audited the accompanying statements of assets and liabilities of The Consolidated Fund of Friends Fiduciary Corporation as of December 31, 2010 and 2009, the related statements of operations and changes in net assets for the years then ended, and the schedule of investments as of December 31, 2010. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide 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 Consolidated Fund of Friends Fiduciary Corporation as of December 31, 2010 and 2009 and the results of its operations and changes in its net assets for the years then ended in conformity with U.S. generally accepted accounting principles.

*BBD, LLP.*

**Philadelphia, Pennsylvania  
May 19, 2011**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**STATEMENTS OF ASSETS AND LIABILITIES**

**December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Investments in securities, at fair value		
Boston Common Asset Management, LLC (cost of \$31,747,731 in 2010 and \$30,291,152 in 2009)	\$ 34,265,283	\$ 31,257,843
Brandywine Asset Management (cost of \$27,613,259 in 2010 and \$25,437,776 in 2009)	32,646,034	29,981,612
Chicago Equity Partners (cost of \$38,764,657 in 2010 and \$37,733,527 in 2009)	45,935,312	42,053,576
Great Lakes Advisors, Inc. (cost of \$14,058,139 in 2010 and \$14,472,012 in 2009)	17,482,484	15,866,797
Lazard Asset Management LLC (cost of \$17,032,479 in 2010 and \$16,077,688 in 2009)	17,947,544	16,585,572
Payden & Rygel (cost of \$59,218,219 in 2010 and \$59,788,086 in 2009)	57,840,400	57,345,234
Columbia Management (cost of \$11,334,949 in 2010 and \$10,394,509 in 2009)	16,175,160	12,226,275
Urdang Investment Management, Inc. (cost of \$11,245,730 in 2010 and \$9,960,222 in 2009)	13,515,812	10,816,809
Income and deposit account (cost of \$3,290,496 in 2010 and \$1,644,063 in 2009)	3,290,496	1,644,063
Cash	91,287	30,020
Dividends and interest receivable	1,328,234	1,358,055
Loans receivable	<u>600,000</u>	<u>600,000</u>
<b>Total assets</b>	<u>241,118,046</u>	<u>219,765,856</u>
<b>LIABILITIES</b>		
Distributions payable	301,133	967,833
Accrued operating expenses	<u>240,308</u>	<u>218,782</u>
<b>Total liabilities</b>	<u>541,441</u>	<u>1,186,615</u>
<b>NET ASSETS – Equivalent to \$40.90 per unit, based upon 5,882,370 units outstanding in 2010. Equivalent to \$38.51 per unit, based upon 5,676,174 units outstanding in 2009.</b>	<u>\$240,576,605</u>	<u>\$218,579,241</u>

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**STATEMENTS OF OPERATIONS**

Years ended December 31, 2010 and 2009

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	<u>2010</u>	<u>2009</u>
<b>INVESTMENT INCOME</b>		
<b>Income</b>		
Interest	\$ 3,372,691	\$ 5,173,664
Dividends	<u>3,468,200</u>	<u>2,134,008</u>
<b>Total income</b>	<u>6,840,891</u>	<u>7,307,672</u>
<b>Expenses</b>		
Investment advisory fees	829,623	737,143
Administrative services	421,156	335,556
Custodian fees	85,242	100,790
Professional fees	159,910	216,510
Other expenses	<u>146,350</u>	<u>247,801</u>
<b>Total expenses</b>	<u>1,642,281</u>	<u>1,637,800</u>
<b>NET INVESTMENT INCOME</b>	<u>5,198,610</u>	<u>5,669,872</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized gain (loss) on investments	8,507,024	(14,216,302)
Net unrealized gain on investments	<u>12,814,120</u>	<u>47,327,211</u>
<b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>	<u>21,321,144</u>	<u>33,110,909</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS</b>	<u>\$26,519,754</u>	<u>\$ 38,780,781</u>

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See accompanying notes

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**STATEMENTS OF CHANGES IN NET ASSETS**

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>OPERATIONS</b>		
Net investment income	\$ 5,198,610	\$ 5,669,872
Net realized gain (loss) on investments	8,507,024	(14,216,302)
Net unrealized gain on investments	<u>12,814,120</u>	<u>47,327,211</u>
<b>Net increase in net assets resulting from operations</b>	<u>26,519,754</u>	<u>38,780,781</u>
<b>DISTRIBUTIONS TO CONSTITUENTS</b> (\$2.17 and \$2.49 per unit, respectively)	<u>(12,461,212)</u>	<u>(13,910,205)</u>
<b>CAPITAL TRANSACTIONS</b>		
Proceeds from units issued	12,491,716	22,249,447
Payments for units redeemed	<u>(4,552,894)</u>	<u>(9,971,074)</u>
<b>Total from capital transactions</b>	<u>7,938,822</u>	<u>12,278,373</u>
<b>Total increase in net assets</b>	21,997,364	37,148,949
<b>NET ASSETS</b>		
Beginning of year	<u>218,579,241</u>	<u>181,430,292</u>
<b>End of year</b>	<u>\$240,576,605</u>	<u>\$218,579,241</u>

**A summary of unit transactions is as follows:**

Units issued	338,751	660,239
Units redeemed	<u>(132,555)</u>	<u>(290,773)</u>
	206,196	369,466
Units outstanding at beginning of the year	<u>5,676,174</u>	<u>5,306,708</u>
<b>Units outstanding at end of the year</b>	<u>5,882,370</u>	<u>5,676,174</u>

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

December 31, 2010

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
<b><u>COMMON STOCKS: 59.78%</u></b>			
<b>Advertising – 0.47%</b>			
11,900	The Interpublic Group of Companies, Inc.	\$ 127,313	\$ 126,378
24,000	Monster Worldwide, Inc.	388,389	567,120
8,300	Publicis Groupe	<u>302,835</u>	<u>434,260</u>
		<u>818,537</u>	<u>1,127,758</u>
<b>Airlines – 0.18%</b>			
25,100	Southwest Airlines Co.	338,616	325,798
4,400	United Continental Holdings, Inc.	<u>96,141</u>	<u>104,808</u>
		<u>434,757</u>	<u>430,606</u>
<b>Apparel – 0.64%</b>			
9,800	Abercrombie & Fitch Co.	301,204	564,774
2,966	Adidas	145,834	193,088
25,200	The Gap, Inc.	462,543	557,928
1,300	Nike, Inc.	114,799	111,046
1,300	VF Corp.	<u>93,510</u>	<u>112,034</u>
		<u>1,117,890</u>	<u>1,538,870</u>
<b>Auto Parts and Equipment – 1.42%</b>			
2,700	Advance Auto Parts, Inc.	179,746	178,605
670	Autozone, Inc.	167,419	182,635
2,604	Bayerische Motoren Werke	153,109	204,155
14,200	Denso Corp.	413,208	490,579
12,200	Ford Motor Co.	98,339	204,838
6,150	General Motors Co.	315,555	332,776
11,300	Honda Motor Co.	531,504	444,655
15,350	Johnson Controls	235,302	586,370
5,650	Paccar, Inc.	215,413	323,971
4,100	TRW Automotive Holdings Corp.	140,418	216,070
5,900	Toyota Motor Corp.	<u>236,977</u>	<u>231,575</u>
		<u>2,686,990</u>	<u>3,396,229</u>
<b>Banks – 5.69%</b>			
82,300	Bangkok Bank Public Co.	308,449	401,130
78,000	Bank of America Corp.	1,118,125	1,040,520
6,115	Bank of Nova Scotia	592,614	349,779
7,911	BNP Paribus	489,953	505,285
84,250	China Merchants Bank	191,022	212,639
206,100	Citigroup, Inc.	1,399,906	974,853
10,618	Credit Suisse Group	489,767	426,844
4,470	Goldman Sachs Group, Inc.	642,638	751,675
1,637	HDFC Bank, Ltd.	181,214	273,559
5,628	HSBC Holdings	745,124	755,349
54,105	J P Morgan Chase & Co.	1,841,914	2,295,134
63,500	KeyCorp	532,087	561,975

See accompanying notes

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FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
4,700	M&T Bank Corp.	333,815	409,135
35,640	Morgan Stanley Group, Inc.	1,156,569	969,764
4,500	PNC Financial Services Group, Inc.	162,225	273,240
8,748	Standard Chartered	135,599	236,330
5,500	State Street Corp.	224,072	254,870
18,000	Sumimoto Mitsui Group	977,095	632,520
9,212	UBS	283,587	151,537
13,000	US Bancorp	326,212	350,610
26,000	Wells Fargo & Co.	1,071,088	805,740
15,000	Wintrust Financial Corp.	436,493	495,450
20,000	Zions Bancorp	<u>345,346</u>	<u>484,600</u>
		<u>13,984,914</u>	<u>13,612,538</u>
 <b>Beverages – 0.99%</b>			
21,650	Coca Cola Co.	891,594	1,012,447
4,500	Dr. Pepper Snapple Group	122,695	158,220
18,425	Pepsico, Inc.	<u>918,909</u>	<u>1,203,705</u>
		<u>1,933,198</u>	<u>2,374,372</u>
 <b>Biotechnology – 0.48%</b>			
15,300	Amgen, Inc.	979,516	839,970
8,600	Gilead Sciences, Inc.	<u>329,939</u>	<u>311,664</u>
		<u>1,309,455</u>	<u>1,151,634</u>
 <b>Building Materials – 0.31%</b>			
20,000	Quanex Building Products Corp.	280,230	379,400
12,000	Simpson Manufacturing Co., Inc.	<u>344,101</u>	<u>370,920</u>
		<u>624,331</u>	<u>750,320</u>
 <b>Chemicals – 1.01%</b>			
6,200	El du Pont de Nemours & Co.	262,272	309,256
10,000	Intrepid Potash, Inc.	292,682	372,900
3,400	Lubrizol Corp.	204,331	363,392
10,000	OM Group, Inc.	204,299	385,100
1,400	PPG Industries, Inc.	107,417	117,698
5,201	Sociedad Quimica Minera	198,191	303,842
9,900	Symrise	220,496	267,796
1,720	Wacker Chemie	<u>263,687</u>	<u>303,432</u>
		<u>1,753,375</u>	<u>2,423,416</u>
 <b>Commercial Services – 1.19%</b>			
14,000	Athenahealth, Inc.	335,966	573,720
38,000	Brambles Ltd.	238,463	277,338
41,580	Experian	288,019	519,496
14,000	Fair Isaac Corp.	314,972	327,180
12,000	Forrester Research, Inc.	271,381	423,480
3,000	Manpower, Inc.	173,000	188,280

**See accompanying notes**

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**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
650	Mastercard, Inc.	120,828	145,672
7,400	Meitec	318,913	158,483
1,799	New Oriental Education & Technology	136,076	189,309
233,240	Raffles Education Corp.	<u>98,521</u>	<u>46,428</u>
		<u>2,296,139</u>	<u>2,849,386</u>
	<b>Computers – 2.43%</b>		
4,240	Apple, Inc.	675,390	1,367,654
4,400	Accenture	170,708	213,356
2,700	Cognizant Technology Solutions Corp.	158,435	197,883
19,450	Hewlett Packard Co.	905,956	818,845
13,730	International Business Machines Corp.	1,620,903	2,015,015
18,000	Manhattan Associates, Inc.	387,418	549,720
5,500	NetApp, Inc.	274,292	302,280
20,000	STEC, Inc.	<u>276,906</u>	<u>353,000</u>
		<u>4,470,008</u>	<u>5,817,753</u>
	<b>Cosmetics/Personal Care – 0.28%</b>		
8,300	Estee Lauder Co., Inc.	447,175	669,810
71	Procter & Gamble Co.	<u>3,528</u>	<u>4,567</u>
		<u>450,703</u>	<u>674,377</u>
	<b>Delivery and Freight Services – 0.25%</b>		
6,800	Overseas Shipholding Group, Inc.	256,087	240,856
4,800	United Parcel Service, Inc.	<u>274,044</u>	<u>348,384</u>
		<u>530,131</u>	<u>589,240</u>
	<b>Diversified Finance Services – 2.55%</b>		
11,800	American Express Co.	424,639	506,456
5,700	Ameriprise Financial, Inc.	160,245	328,035
12,833	AXA Advisors	190,428	214,341
11,300	Capital One Financial Corp.	497,644	480,928
32,500	Cielo	320,496	263,328
40,000	Daiwa Securities Group	533,342	206,153
2,938	Deutsche Boerse	288,795	202,987
8,550	Discover Financial Services	131,088	158,432
1,900	Franklin Resources, Inc.	176,371	211,299
6,000	Greenhill & Co., Inc.	343,722	490,080
5,800	Intertek Group	92,767	161,184
13,087	Itau Unibanco Holding	245,214	314,219
7,100	KB Financial Group, Inc.	388,170	375,519
13,000	KBW, Inc.	324,950	362,960
15,000	Legg Mason, Inc.	376,388	544,050
7,486	Macquarie Group, Ltd.	364,609	283,997
47	Osaka Securities	242,403	237,304
11,100	SLM Corp.	127,761	139,749
103	Sony Financial Holdings, Inc.	346,132	417,181
2,700	Visa, Inc.	<u>239,323</u>	<u>190,026</u>
		<u>5,814,487</u>	<u>6,088,228</u>

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
	<b>Electric – 2.80%</b>		
11,250	AES Corp.	150,050	137,025
5,000	Arrow Electronics, Inc.	130,545	171,250
11,000	Avnet, Inc.	347,009	363,330
17,835	Companhia Energetica de Minas Gerais	257,373	295,883
3,300	Constellation Energy Group, Inc.	106,707	101,079
11,000	Cooper Industries	253,974	641,190
3,500	CPFL Energia	212,099	268,835
2,800	Dominion Resources, Inc.	121,464	119,616
7,600	DTE Energy Co.	312,709	344,432
32,750	Duke Energy Corp.	613,558	583,277
24,290	Emerson Electric Co.	765,746	1,388,659
2,340	Keyence Corp.	640,312	669,240
5,800	Pepco Holdings, Inc.	105,376	105,850
10,300	Public Service Enterprise Group, Inc.	248,374	327,643
4,100	Royal Philips Electronics, Ltd.	159,942	126,068
1,049	Samsung Electronics, Ltd.	327,136	438,585
6,550	Thomas & Betts Corp.	152,105	316,365
9,287	Vestas Wind Systems	<u>503,772</u>	<u>292,169</u>
		<u>5,408,251</u>	<u>6,690,496</u>
	<b>Engineering and Construction – 0.47%</b>		
11,087	ABB, Ltd.	241,945	247,765
4,300	Chicago Bridge & Iron Co.	99,275	141,470
12,500	Shaw Group, Inc.	403,256	427,875
11,571	WorleyParsons, Ltd.	<u>291,023</u>	<u>317,159</u>
		<u>1,035,499</u>	<u>1,134,269</u>
	<b>Food – 1.82%</b>		
6,500	Corn Products International, Inc.	279,518	299,000
14,000	General Mills, Inc.	321,169	498,260
5,800	Hormel Foods Corp.	264,544	297,308
2	JM Smucker Co.	61	131
17,600	Kraft Foods, Inc.	512,659	554,576
21,600	Kroger Co.	438,755	482,976
145	Lotte Confectionary Co., Ltd.	173,090	192,669
15,200	Starbucks Corp.	323,411	488,376
5,400	Sysco Corp.	162,368	158,760
123,047	Tesco	782,188	818,757
10,200	Unilever	246,024	313,484
25,800	Viterra, Inc.	<u>264,384</u>	<u>240,954</u>
		<u>3,768,171</u>	<u>4,345,251</u>
	<b>Forest Products and Paper – 0.48%</b>		
3,700	Avery Dennison Corp.	148,185	156,658
1,400	Domtar Corp.	109,917	106,288
4,200	International Paper Co.	104,159	114,408
17,100	Meadwestvaco Corp.	428,252	447,336
8,300	Plum Creek Timber Co., Inc.	<u>233,869</u>	<u>310,835</u>
		<u>1,024,382</u>	<u>1,135,525</u>

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
	<b>Hand/Machine Tools – 0.05%</b>		
1,800	Stanley Black & Decker	111,809	120,366
	<b>Healthcare-Products – 2.23%</b>		
10,000	Aetna, Inc.	116,376	305,100
2,500	Biogen Idec, Inc.	139,497	167,625
6,600	Coventry Health Care, Inc.	101,372	174,240
2,600	CR Bard, Inc.	223,408	238,602
10,760	CSL	339,279	400,262
17,060	Forest Laboratories, Inc.	460,926	627,637
6,000	Herbalife, Ltd.	358,667	410,220
3,500	Humana, Inc.	196,647	191,590
28,328	Johnson & Johnson	1,709,360	1,752,087
4,300	Medco Health Solutions, Inc.	226,595	263,461
13,100	Rhoen-Klinikum	331,254	288,131
2,361	Sonova Holding	303,860	302,798
5,500	United Health Group, Inc.	165,476	198,605
		<u>4,672,717</u>	<u>5,320,358</u>
	<b>Home Builders – 0.33%</b>		
16,000	Ryland Group, Inc.	398,946	272,480
15,000	Thor Industries, Inc.	381,383	509,400
		<u>780,329</u>	<u>781,880</u>
	<b>Home Furnishings – 0.29%</b>		
3,200	Bed Bath & Beyond, Inc.	124,197	157,280
15,000	Williams Sonoma, Inc.	156,409	535,350
		<u>280,606</u>	<u>692,630</u>
	<b>Household Products/Wares – 0.68%</b>		
7,000	Clorox Co.	242,279	442,960
9,800	Henkel AG & Co.	447,756	615,026
7,000	Kimberly Clark Corp.	417,565	441,280
1,500	Whirlpool Corp.	68,287	133,245
		<u>1,175,887</u>	<u>1,632,511</u>
	<b>Insurance – 3.36%</b>		
16,800	ACE	736,941	1,045,800
7,434	Allstate, Corp.	225,487	236,996
2,000	Arch Capital Group, Ltd.	157,070	176,100
2,700	Assurant, Inc.	99,248	104,004
6,200	Assured Guaranty, Ltd.	104,077	109,740
13,550	Axis Capital Holdings	404,343	486,174
5,124	Berkshire Hathaway, Inc.	592,059	1,012,333
4,004	Chubb Corp.	205,027	238,799
29,950	Cigna Corp.	456,949	1,097,967
8,000	CoreLogic, Inc.	156,089	148,160
20,100	Hartfird Financial Services Group, Inc.	669,142	532,449

**See accompanying notes**

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**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
12,610	Lincoln National Corp.	300,334	350,684
21,849	Manulife Financial Corp.	449,090	375,366
9,400	MetLife, Inc.	370,625	417,736
4,500	Protective Life Corp.	117,908	119,880
35,753	Prudential Financial, Inc.	536,484	702,034
9,300	RenaissanceRe Holdings, Ltd.	520,027	592,317
8,100	Willis Group Holdings	<u>168,746</u>	<u>280,503</u>
		<u>6,269,646</u>	<u>8,027,042</u>
	<b>Internet – 1.40%</b>		
7,400	F5 Networks, Inc.	550,864	963,184
2,425	Google, Inc.	1,089,630	1,440,377
3,269	Iliad	308,753	356,982
1,359	SBI Holdings, Inc.	211,565	206,435
17,600	Tencent Holdings, Ltd.	<u>171,873</u>	<u>382,400</u>
		<u>2,332,685</u>	<u>3,349,378</u>
	<b>Iron/Steel – 0.84%</b>		
15,200	Alcoa, Inc.	209,924	233,928
3,750	Allegheny Technologies, Inc.	80,594	206,925
12,000	Brush Engineered Materials, Inc.	278,453	463,680
8,030	Cliffs Natural Resources, Inc.	186,928	626,420
13,600	Titanium Metals Corp.	260,558	233,648
2,400	Schnitzer Steel Industry, Inc.	<u>213,861</u>	<u>232,365</u>
		<u>1,230,318</u>	<u>1,996,966</u>
	<b>Luxury Goods – 0.21%</b>		
17,200	Brunswick Corp.	287,064	322,328
2,994	Compagnie Financiere Richemont	<u>151,569</u>	<u>174,999</u>
		<u>438,633</u>	<u>497,327</u>
	<b>Machinery – 1.61%</b>		
10,000	Agco Corp.	489,738	506,600
15,510	Caterpillar, Inc.	510,492	1,095,822
5,300	Cummins, Inc.	384,769	583,053
7,000	Deere & Co.	312,489	581,350
3,000	Fanuc Co.	285,268	461,254
2,800	Rockwell Automation, Inc.	147,822	200,788
2,500	SMC Corp.	<u>391,275</u>	<u>428,765</u>
		<u>2,521,853</u>	<u>3,857,632</u>
	<b>Media – 1.07%</b>		
14,982	British Sky Broadcasting	133,702	172,640
24,605	Comcast Corp.	471,159	540,572
9,000	CBS Corp.	138,870	171,450
11,000	Directv	246,216	439,230
1,400	Factset Research Systems, Inc.	104,720	131,264

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
7,700	Gannett, Inc.	98,047	116,193
18,200	News Corp, Inc.	243,192	264,992
28,000	RR Donnelley & Sons Co.	381,260	489,160
6,100	Viacom, Inc.	<u>185,074</u>	<u>241,621</u>
		<u>2,002,240</u>	<u>2,567,122</u>
	<b>Metal Fabricate/ Hardware – 0.13%</b>		
6,600	Timken Co.	<u>232,441</u>	<u>315,018</u>
	<b>Mining – 0.20%</b>		
3,800	Barrick Gold Corp.	92,374	202,084
9,000	Lonmin	<u>200,520</u>	<u>277,026</u>
		<u>292,894</u>	<u>479,110</u>
	<b>Miscellaneous Manufacturers – 1.45%</b>		
15,200	3M Co.	989,708	1,311,760
2,900	Carlisle Companies, Inc.	114,048	115,246
5,000	Danisco	217,935	460,000
10,300	Eastman Kodak Co.	444,130	55,208
8,000	Harman International Industries, Inc.	290,168	370,400
12,100	Illinois Tool Works	479,099	646,140
3,000	Mead Johnson Nutrition Co.	180,056	186,750
2,400	W.W. Grainger, Inc.	<u>302,124</u>	<u>331,464</u>
		<u>3,017,268</u>	<u>3,476,968</u>
	<b>Office/Business Equip – 0.46%</b>		
8,900	Canon, Inc.	396,076	454,790
18,700	Pitney Bowes, Inc.	405,590	452,166
2,155	Neopost	<u>186,452</u>	<u>188,496</u>
		<u>988,118</u>	<u>1,095,452</u>
	<b>Oil and Gas – 7.36%</b>		
1,100	Apache Corp.	86,749	131,153
16,192	Atlas Co.	212,949	408,723
29,407	BG Group PLC	603,008	767,156
8,800	Cenovus Energy, Inc.	239,961	294,736
54,900	Centrica	220,164	285,024
10,350	Chesapeake Energy Corp.	298,350	268,168
35,788	Chevron Corp.	2,447,184	3,265,655
35,684	Conocophillips	1,825,975	2,430,080
1,300	Core Laboratories	104,054	115,765
2,800	Devon Energy Corp.	88,023	219,828
4,700	Encana Corp.	151,862	137,597
8,600	ENI	283,473	186,191
15,899	Exxon Mobil Corp.	925,128	1,162,535
8,000	Helmerich & Payne, Inc.	187,446	387,840
8,500	Integrus Energy Group, Inc.	377,338	412,335
24,400	Nabors Industries, Ltd.	682,754	572,424

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
18,700	National Grid PLC	164,242	161,906
7,800	Nicor, Inc.	304,478	389,376
8,200	Nisource, Inc.	93,012	144,484
33,700	Norsk Hydro	172,602	242,977
1,900	Occidental Petroleum Corp.	155,252	186,390
8,600	Oil States International, Inc.	347,663	551,174
6,300	Patterson-UTI Energy, Inc.	92,359	135,765
20,014	Petroleo Brasileiro	957,467	757,330
6,000	Royal Dutch Shell PC	335,639	400,680
7,526	Saipem	232,694	368,400
1,000	Seacor Holdings, Ltd.	113,492	101,090
12,100	SM Energy Co.	412,035	713,053
9,982	Statoil	210,491	236,573
11,392	Suncor Energy, Inc.	423,604	436,200
3,500	Technip	247,026	324,454
7,800	Transocean, Ltd.	586,639	542,178
3,900	Whiting Petroleum Corp.	347,006	457,041
17,000	Valero Energy Corp.	324,639	393,040
		<u>14,254,758</u>	<u>17,587,321</u>
	<b>Pharmaceuticals – 3.65%</b>		
11,400	Abbott Laboratories	493,966	546,174
21,100	Amerisourcebergen Corp.	352,516	719,932
15,700	Bristol-Myers Squibb Co.	398,623	415,736
6,800	Cardinal Health, Inc.	248,973	260,508
10,400	Eli Lilly & Co.	366,086	364,416
15,000	Endo Pharmaceuticals Holdings, Inc.	374,099	535,650
44,400	Merck and Co., Inc.	1,308,355	1,600,176
14,388	Novartis	877,852	846,014
5,193	Novo-Nordisk	286,796	588,026
83,575	Pfizer, Inc.	1,860,619	1,463,398
4,000	Sanofi-Aventis	363,332	256,773
4,600	Shire PLC	194,938	332,948
15,260	Teva Pharmaceuticals Industries	712,454	795,504
		<u>7,838,609</u>	<u>8,725,255</u>
	<b>Pipelines – 0.51%</b>		
5,100	Oneok Partners LP	277,360	282,897
10,800	Spectra Energy Corp.	277,874	269,892
1,580	Vallourec	158,608	166,605
19,900	Williams Co., Inc.	285,718	491,928
		<u>999,560</u>	<u>1,211,322</u>
	<b>Real Estate – 0.34%</b>		
312,000	Agile Property Holdings	369,272	459,151
85,800	Wheelock & Co., Ltd.	190,086	347,123
		<u>559,358</u>	<u>806,274</u>

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
	<b>Retail – 2.64%</b>		
2,400	Costco Wholesale Corp.	142,576	173,304
10,050	CVS Caremark Corp.	331,786	349,438
29,758	Esprit Holdings	267,158	141,638
4,100	Family Dollar Stores, Inc.	198,055	203,811
30,000	Li & Fung	105,073	174,050
13,880	McDonalds Corp.	815,184	1,065,429
103,600	Myer Holdings, Ltd.	336,739	376,993
12,000	Sotheby's Holdings, Inc.	238,156	540,000
13,900	Sundrug Co.	475,682	405,834
8,500	SUPERVALU, Inc.	128,613	81,855
20,300	Target Corp.	893,873	1,220,639
3,500	TJX Co., Inc.	95,868	155,365
4,100	Tractor Supply Co.	171,303	198,809
13,500	Wal-Mart Stores, Inc.	707,235	728,055
10,000	Whole Foods Market, Inc.	161,791	505,900
		<u>5,069,092</u>	<u>6,321,120</u>
	<b>Semiconductors – 1.78%</b>		
41,881	Advanced Semiconductor Engineering, Inc.	206,475	240,397
9,324	Aixtron	295,733	343,174
20,900	Analog Devices, Inc.	699,014	787,303
48,469	Arm Holdings	83,954	321,223
9,900	ASML Holding	342,985	379,566
51,283	Intel Corp.	1,021,982	1,078,481
8,700	Marvell Technology Group, Ltd.	88,549	161,385
12,000	Power Integrations, Inc.	354,347	481,920
15,355	Siliconware Precision Industries, Ltd.	118,540	91,362
11,300	Texas Instruments, Inc.	302,953	367,250
		<u>3,514,532</u>	<u>4,252,061</u>
	<b>Software – 1.93%</b>		
11,400	Amdocs.com	399,574	313,158
15,700	Autonomy Corp.	280,142	369,940
18,000	Kenexa Corp.	360,368	392,220
87,940	Microsoft Corp.	2,378,624	2,454,405
4,015	Millicom International Cellular	360,669	383,834
17,600	Oracle Corp.	377,866	550,880
4,300	Verisign, Inc.	101,678	140,481
		<u>4,258,921</u>	<u>4,604,918</u>
	<b>Telecommunications – 3.29%</b>		
5,900	America Movil	223,764	338,306
50,674	ATT, Inc.	1,529,184	1,600,446
14,700	BCE, Inc.	494,887	521,262
29,420	Cisco Systems, Inc.	510,472	595,167
6,920	Crown Castle International Corp.	266,796	303,304
8,200	France Telecom	235,138	171,556
14,000	Interdigital, Inc.	287,392	582,960

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
12,000	J2 Global Communications, Inc.	295,181	347,400
3,000	Liberty Global, Inc.	110,143	106,140
12,963	Logitech International	214,565	240,464
96	MCI Worldcom, Inc.	3,516	-
34,350	Nokia	427,341	354,959
4,900	Qualcomm, Inc.	215,622	242,501
40,000	Qwest Communications International, Inc.	182,051	304,400
14,200	SK Telecom Co., Ltd.	228,477	264,546
20,909	Telenor	327,201	338,726
6,400	Verizon Communications, Inc.	207,955	228,992
224,988	Vodafone Group	<u>1,114,849</u>	<u>1,318,435</u>
		<u>6,874,534</u>	<u>7,859,564</u>
	<b>Transportation – 0.51%</b>		
12,000	Kansas City Southern	229,220	574,320
2,900	Ryder System, Inc.	113,020	152,656
5,200	Union Pacific Corp.	<u>456,369</u>	<u>481,832</u>
		<u>798,609</u>	<u>1,208,808</u>
	<b>Total Common Stocks</b>	<u>119,976,635</u>	<u>142,916,671</u>

**REAL ESTATE INVESTMENT TRUSTS: 5.85%**

4,110	AMB Property Corp.	104,756	130,328
5,620	Acadia Realty Trust	96,190	102,509
2,810	Alexandria Real Estate Equities, Inc.	181,683	205,861
2,590	American Campus Communities, Inc.	76,241	82,258
32,650	Annaly Capital Management, Inc.	570,146	585,088
2,320	AvalonBay Communities, Inc.	257,028	261,116
4,540	Boston Properties, Inc.	336,095	390,894
12,110	Brandywine Realty Trust	124,784	141,082
7,570	Camden Property Trust	314,241	408,629
3,280	CBL Associates Properties	44,174	57,400
4,660	Colonial Properties Trust	68,542	84,113
13,270	Commonwealth Real Estate Investment Trust	353,140	338,518
3,240	Coresite Realty Corp.	51,721	44,194
3,800	Corporate Office Properties Trust	131,629	132,810
5,190	Cousins Properties Trust	40,881	43,285
9,340	DCT Industrial Trust, Inc.	45,218	49,595
7,090	Digital Realty Trust, Inc.	332,189	365,419
6,700	Douglas Emmitt, Inc.	112,220	111,220
22,270	Duke Realty Corp.	250,493	277,484
1,660	Equity Lifestyles Properties, Inc.	87,333	92,844
140	Equity One, Inc.	2,368	2,545
17,110	Equity Residential	584,665	888,865
3,230	Essex Property Trust, Inc.	245,529	368,931
2,440	Federal Realty Investment Trust	164,299	190,149
17,950	General Growth Properties, Inc.	273,085	277,866

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
8,430	Healthcare Realty Trust	379,613	401,605
5,350	Hospitality Properties Trust	117,646	123,264
28,980	Host Hotels Resorts, Inc.	338,678	517,873
6,250	Hudson Pacific Properties Trust	105,122	94,062
5,360	Kilroy Realty Corp.	199,239	195,479
24,470	Kimco Realty Corp.	346,255	441,439
5,620	LaSalle Hotel Properties	122,471	148,368
12,670	Macerich Co.	475,888	600,178
18,000	Meritage Homes Corp.	333,757	399,600
10,920	Nationwide Health Properties	379,447	397,270
4,920	Parkway Properties, Inc.	82,670	86,198
4,570	Pebblebrook Hotel Trust	83,626	92,862
35,380	Prologis	465,164	510,887
8,830	Public Storage, Inc.	668,055	895,539
10,130	Senior Housing Property Trust	206,220	222,252
10,010	Simon Property Group, Inc.	656,809	995,895
4,970	SL Green Realty Corp.	284,534	335,525
8,190	Sunstone Hotel Investment, Inc.	72,204	84,603
2,810	Taubman Centers, Inc.	105,209	141,849
4,760	UDR, Inc.	79,870	111,955
11,120	U-Store-It Trust	91,220	105,974
5,110	Ventas, Inc.	186,527	268,173
12,110	Weingarten Realty Investments	259,681	287,734
10,810	Vornado Realty Trust	788,789	900,797
	<b>Total Real Estate Investment Trusts</b>	<u>11,677,344</u>	<u>13,992,384</u>
		<u>131,653,979</u>	<u>156,909,055</u>

**FIXED INCOME – 31.42%**

**U.S. Government – 6.34%**

600,000	Federal Home Loan Mortgage Corp.; 5.125%; 8/14/13	660,842	664,362
58,632	Federal Home Loan Mortgage Corp.; 7.500%; 7/25/32	61,508	68,182
760,909	Federal National Mortgage Association; 5.000%; 3/25/32	806,207	820,184
48,455	Federal National Mortgage Association; 4.500%; 5/25/33	45,911	51,536
729,719	Federal National Mortgage Association; 5.000%; 9/01/33	757,882	771,788
305,000	Federal National Mortgage Association; 5.000%; 6/01/33	286,509	324,075
629,314	Federal National Mortgage Association; 5.000%; 11/01/33	649,963	665,260
1,032,968	Federal National Mortgage Association; 5.000%; 8/1/34	1,055,652	1,092,519
701,790	Federal National Mortgage Association; 5.000%; 6/01/40	741,046	755,365
1,155,424	Federal National Mortgage Association; 5.500%; 4/01/34	1,218,971	1,243,065
311,037	Federal National Mortgage Association; 5.500%; 5/01/34	327,804	334,489
939,596	Federal National Mortgage Association; 5.500%; 1/01/36	993,329	988,483
779,189	Federal National Mortgage Association; 5.500%; 4/01/36	854,064	858,355
973,512	Federal National Mortgage Association; 6.000%; 6/01/40	1,029,185	1,024,164
39	Federal National Mortgage Association; 7.500%; 10/01/11	39	40
93,115	Government National Mortgage Association; 4.500%; 5/20/40	92,431	99,692
1,204,500	Government National Mortgage Association; 5.000%; 9/20/33	1,254,750	1,304,618

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
339,524	Government National Mortgage Association; 5.500%; 7/20/33	350,134	372,478
1,358,321	Government National Mortgage Association; 6.000%; 8/20/38	1,419,446	1,412,084
1,100,000	US Treasury; 3.000%; 8/31/16	1,145,551	1,141,943
1,200,000	US Treasury; 1.375%; 11/30/15	<u>1,158,984</u>	<u>1,166,160</u>
		<u>14,910,208</u>	<u>15,158,842</u>
<b>Corporate Bonds – 10.51%</b>			
200,000	Aetna, Inc.; 5.750%; 6/15/11	206,990	204,430
50,000	Air Products & Chemicals, Inc.; 4.625%; 3/15/17	67,232	70,753
525,000	American Express Credit Corp.; 5.125%; 8/25/14	565,957	566,045
45,054	Ameresco; 4.87503%; 3/01/12	43,770	44,375
308,590	America West Air; 8.057%; 7/02/20	323,698	326,333
1,623,716	ASC Equipment Lease; 5.700%; 9/01/08	1,623,716	-
195,000	AT & T Wireless; 8.750%; 3/01/31	231,921	263,656
100,000	Atlantia SpA; 5.000%; 6/09/14	139,122	140,648
360,000	Bear Stearns Co.; 5.5505%; 1/22/17	374,623	382,622
110,000	Berkshire Hathaway, Inc.; 2.450%; 12/15/15	109,758	109,325
200,000	Berkshire Hathaway, Inc.; 5.400%; 5/15/18	205,584	219,412
250,000	CBS Corp.; 8.200%; 5/15/14	294,735	291,622
70,000	Centrica PLC; 5.125%; 12/10/14	120,001	118,177
345,000	Chevron Corp.; 3.950%; 3/03/14	344,365	368,308
320,000	Cisco Systems, Inc.; 5.250%; 2/22/11	339,200	322,006
240,000	CME Group, Inc.; 5.750%; 2/15/14	246,115	265,740
80,000	International Bank Recon & Development; 8.750%; 5/07/17	106,968	108,098
205,000	Comcast Corp.; 6.500%; 1/15/17	209,850	236,318
385,000	Council of Europe Development Bank; 5.750%; 9/16/14	372,294	390,966
560,000	Credit Suisse Group; 5.400%; 1/14/20	582,331	571,911
80,000	Credit Suisse Group; 4.875%; 1/15/15	80,002	86,252
540,000	CVS Caremark Corp; 6.125%; 9/15/39	560,484	576,968
815,000	Destin Water Users, Inc.; 5.250%; 8/01/15	802,794	825,994
70,000	Deutsche Bahn Finance; 4.750%; 10/01/14	95,784	103,854
60,000	Deutsche Telekom International Finance; 5.750%; 1/10/14	87,215	88,204
535,000	Directv Holdings Financing Co., Inc.; 4.750%; 10/01/14	572,183	570,182
560,000	Discovery Communicatinos, Inc.; 3.700%; 6/01/15	588,655	579,790
295,000	Dominion Resources, Inc.; 5.200%; 8/15/19	301,658	319,376
145,000	Du Pont & Co.; 6.000%; 7/15/18	154,369	166,721
270,000	Enterprise Products Partners, LP; 5.600%; 10/15/14	294,897	298,164
2,000,000	European Bank For Recon & Development; 4.000%; 5/11/17	319,213	345,088
265,000	Nextera Energy Capital; 6.000%; 3/01/19	289,968	293,718
100,000	France Telecom; 4.750%; 2/21/17	131,479	144,109
530,000	General Electric Co.; 5.250%; 12/06/17	574,132	572,448
80,000	Goldman Sachs Group, Inc.; 5.125%; 10/16/14	101,465	112,036
515,000	Home Depot, Inc.; 5.400%; 3/01/16	572,194	577,114
270,000	Ingersoll-Rand; 6.000%; 8/15/13	297,824	298,569
1,260,000	International Bank Recon & Development; 2.250%; 11/08/13	179,427	185,040
290,000,000	International Bank Recon & Development; 2.300%; 2/26/13	221	255,529
14,750,000	Inter-American Development Bank; 3.000%; 3/25/14	324,083	319,509
260,000	Inter-American Development Bank; 7.250%; 5/24/12	213,273	212,227
222,000	International Finance Corp.; 11.250%; 7/17/12	155,287	155,198

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
100,000	JP Morgan Chase & Co.; 5.250%; 5/08/13	133,347	142,084
2,020,000	KFW International Finance, Inc.; 4.000%; 12/15/14	341,047	354,721
580,000	KFW International Finance, Inc.; 7.125%; 11/15/12	91,689	92,760
1,910,000,000	KFW International Finance, Inc.; 7.500%; 7/17/12	208,739	218,452
280,000	Kinder Morgan, Inc.; 5.950%; 2/15/18	304,788	308,367
530,000	Kraft Foods, Inc; 5.375%; 2/10/20	575,140	570,423
245,000	Kroger Co.; 7.500%; 1/15/14	280,682	282,473
1,294,652	Landmark Leasing; 6.200%; 10/01/22	1,294,918	1,314,085
92,290	Master Asset Securities; 5.500%; 7/25/33	92,157	93,532
195,000	McDonalds Corp.; 5.000%; 2/01/19	194,934	213,252
280,000	Merrill Lynch & Co.; 6.875%; 4/25/18	293,479	306,421
80,000	Morgan Stanley; 3.750%; 3/01/13	104,444	108,483
70,000	National Grid; 6.125%; 4/15/14	121,992	119,393
687,497	National Credit Union Administration Guaranteed Note; 0.6963%; 11/06/17	687,953	687,284
1,100,000	National Credit Union Administration Guaranteed Note; 0.9053%; 12/08/20	1,100,000	1,098,625
547,288	National Credit Union Administration Guaranteed Note; 2.650%; 10/29/20	546,203	532,905
137,000	New Jersey Bell; 7.850%; 11/15/29	155,550	147,408
290,000	Nordstrom, Inc.; 4.750%; 5/01/20	289,487	294,347
230,000	Oneamerica Finance; 7.000%; 10/15/33	228,822	200,850
290,000	Pedernales Electric Co.; 6.202%; 11/15/32	299,132	272,191
282,000	Petrobras International Finance Co.; 6.125%; 10/06/16	315,840	310,905
150,000	Petro-Canada; 6.05%; 5/15/18	171,179	176,105
330,000	Prudential Finance; 4.750%; 9/17/15	329,231	349,133
260,000	QBE Insurance Group, Ltd.; 5.647%; 7/01/23	260,000	246,477
330,000	Residential Asset; 4.710%; 11/25/33	171,514	163,156
346,000	Royal Bank of Canada; 5.650%; 7/20/11	363,667	354,733
65,000	RWE Finance; 5.000%; 2/10/15	87,813	94,936
50,000	Scottish & Southern Energy; 5.750%; 2/5/14	81,987	84,647
310,000	Simon Properties Group; 5.650%; 2/01/20	322,629	335,336
125,000	Standard Chartered; 3.850%; 4/27/15	127,959	127,487
80,000	Starbucks Corp.; 6.250%; 8/15/17	86,074	89,426
260,000	Swedish Export Credit Corp.; 7.6250%; 6/30/14	203,963	218,833
125,000	Temasek Financial, Ltd.; 5.125%; 7/26/40	195,291	201,930
150,000	Temasek Financial, Ltd.; 4.500%; 9/21/15	156,266	161,610
200,000	Unitedhealth Group; 5.250%; 3/15/11	202,470	201,694
270,000	Valero Energy; 6.875%; 4/15/12	292,969	287,329
135,000	Veolia Environment; 5.250%; 6/03/13	134,711	145,838
495,000	Verizon Communications, Inc; 6.350%; 4/01/19	577,908	571,304
195,000	Walgreen Co.; 5.250%; 1/15/19	193,980	216,820
555,000	Wal-Mart Stores; 5.250%; 9/01/35	560,778	558,524
793,704	William Blair & Co.; 5.040%; 2/15/21	763,567	793,704
		<u>26,149,136</u>	<u>25,134,818</u>
	<b>Foreign Bonds – 4.65%</b>		
1,300,000	Arab Republic of Egypt; 8.750%; 7/18/12	227,405	223,945
125,000	Bundesrepublik Deutschland; 4.000%; 7/04/16	180,596	183,960
245,000	Commonwealth of the Bahamas; 6.950%; 11/20/29	250,675	253,898

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
70,000	Croatia Government International Bond; 6.500%; 1/05/15	92,721	97,881
250,000	Czech Republic; 4.500%; 11/05/14	355,887	354,035
120,000	Czech Republic; 5.000%; 6/11/18	148,997	173,676
1,765,000	Denmark Government Bond; 4.000%; 11/15/15	332,387	345,574
460,000	European Investment Bank; 0.000%; 3/30/16	180,426	199,991
265,000	European Investment Bank; 4.375%; 7/08/15	433,616	445,973
380,000	European Investment Bank; 6.250%; 4/15/15	373,547	390,999
240,000	European Union; 3.625%; 4/06/16	329,889	337,073
525,000	Federative Republic of Brazil; 12.500%; 01/05/16	169,392	367,816
105,000	Federative Republic of Brazil; 8.500%; 9/24/12	154,069	154,780
490,000	Finland Government Bond; 3.875%; 9/15/17	702,466	709,291
220,000	France Government Bond OAT; 3.500%; 4/25/15	295,531	312,495
300,000	Government of Bermuda; 5.603%; 7/20/20	313,105	312,354
300,000	Japan Finance Organization for Municipalities; 4.625%; 4/21/15	318,753	328,530
38,400	Mexican Bonos; 9.500%; 12/18/14	358,242	349,470
17,200	Mexican Bonos; 10.00%; 12/05/24	172,127	173,325
240,000	Netherlands Government Bond; 4.000%; 7/15/16	335,612	350,467
100,000	New South Wales Treasury Corp.; 5.000%; 2/25/39	162,001	166,116
120,000	People's Republic of China; 4.250%; 10/28/14	165,603	172,159
103,000	Peoples Republic of China; 4.750%; 10/29/13	110,689	111,508
1,190,000	Poland Government Bond; 5.250%; 10/25/17	397,225	391,142
1,160,000	Poland Government Bond; 5.750%; 9/23/22	390,640	384,344
310,000	Province of British Columbia; 5.700%; 6/18/29	352,288	372,749
310,000	Province of Ontario Canada; 3.150%; 12/15/17	309,092	307,864
190,000	Province of Ontario Canada; 6.250%; 6/16/15	183,595	203,034
250,000	Province of Ontario Canada; 8.500%; 12/02/25	263,997	283,177
115,000	Province of Quebec; 3.375%; 6/20/16	149,997	158,475
225,000	Republic of Austria; 3.400%; 10/20/14	301,825	318,119
150,000	Republic of Chile; 5.500%; 1/15/13	162,550	162,195
125,000,000	Republic of Chile; 5.500%; 8/05/20	259,755	273,173
160,000	Republic of Korea; 4.250%; 6/01/13	166,677	167,534
60,000	Republic of Peru; 7.500%; 10/14/14	81,475	92,076
2,485,000	Republic of South Africa Government Bond; 8.25%; 9/15/17	350,490	382,164
100,000	Republic of Sri Lanka; 8.250%; 10/24/12	109,350	108,500
200,000	State of Qatar; 6.550%; 4/09/19	230,601	229,920
2,360,000	Sweden Government Bond; 3.000%; 7/12/16	343,230	352,024
145,000	United Kingdom Gilt; 8.000%; 9/27/13	270,376	268,609
90,000	United Mexican States; 6.750%; 2/06/24	131,516	154,394
		<u>10,618,415</u>	<u>11,124,809</u>
	<b>Municipal Bonds – 9.92%</b>		
450,000	Abag Fin Auth CA; 5.450%; 11/15/13	450,000	420,876
205,000	Ambridge PA Taxable; 11/15/16	108,591	136,592
275,000	Arkansas St. Dev Fin; 5.220%; 3/01/11	275,000	276,728
415,000	Arkansas St. Dev Fin; 5.280%; 3/01/13	415,000	441,769
435,000	Arkansas St. Dev Fin; 5.360%; 3/01/14	435,000	470,890
105,000	Ashtabula Cnty OH; 5.200%; 5/15/14	104,087	104,753
115,000	Bernalillo Cnty NM; 7.250%; 12/15/23	113,850	102,923
1,365,000	Bernalillo Cnty NM; 7.650%; 12/15/23	1,358,175	1,116,310

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
300,000	Boone Cnty MO Spl; 5.940%; 1/01/15	304,860	306,864
75,000	Calexico CA Cmnty; 4.220%; 8/01/12	74,661	75,044
145,000	California Statewide; 5.750%; 7/01/11	144,478	144,842
300,000	Central Dakota ND; 8.000%; 2/01/12	300,000	301,458
400,000	Chimney Rock Met; 5.900%; 12/01/18	400,000	361,172
250,000	Connecticut St Dev; 4.650%; 8/15/12	251,180	259,708
635,000	Delaware St Hsg Auth; 5.800%; 7/01/16	648,913	667,283
1,090,000	Downtown Dallas TX; 8/15/17	607,631	801,859
195,667	Edinburg TX Indl; 8.180%; 11/01/28	217,545	199,150
250,000	Florida Hsg Fin Corp.; 7.350%; 12/01/14	260,375	252,778
1,270,000	Gardena CA Ctfs; 5.980%; 7/01/16	1,139,958	1,091,294
170,000	Guttenberg NJ; 5.830%; 4/01/17	167,909	173,647
500,000	Independence Hill IN; 7.000%; 1/15/26	509,030	486,420
325,000	Jefferson Cnty KY; 5.750%; 9/20/15	329,388	337,701
160,000	Manatee Cnty FL Hsg; 6.520%; 9/01/38	164,810	160,816
200,000	Marshall WI Sch; 5.370%; 3/01/14	199,280	209,124
180,000	Middleton WI Cmnty; 6.550%; 10/01/18	187,938	194,495
100,000	Missouri St Dev Fin; 5.796%; 4/01/17	100,000	106,425
520,000	Missouri St Dev Fin; 7.170%; 3/01/21	527,000	526,063
235,000	Missouri St Hsg Dev; 3.480%; 9/01/23	228,712	228,180
1,760,000	Monroe Cnty NY Indl; 5.700%; 10/15/21	1,742,400	1,770,842
260,000	Montgomery Cnty MD; 5.500%; 1/01/38	257,725	270,998
185,000	Muskogee County OK; 7.000%; 1/01/12	190,670	195,005
195,000	Nebraska Invt; 5.500%; 9/01/17	195,000	195,408
280,000	Nebraska Invt Fin; 7/10/14	171,133	238,952
200,000	Nevada Hsg Div; 3.830%; 10/01/13	190,874	200,220
575,000	Nevada Hsg Div; 5.410%; 10/01/14	575,000	608,091
1,050,000	New Jersey Econ Dev; 5.250%; 2/15/30	1,038,152	1,018,930
400,000	Ohio St Economic Dev; 5.350%; 12/01/12	400,000	404,732
680,000	Oregon Sch Brds Assn; 6/30/21	298,064	381,929
1,525,000	Pennsylvania St; 2.569%; 4/01/47	1,525,000	1,525,000
400,000	Peoria Cnty IL Sch; 1/01/11	308,852	400,000
50,000	Philadelphia PA Auth; 5.890%; 4/15/11	53,323	50,000
125,000	Pittsburgh PA Urban; 5.420%; 5/01/15	125,000	124,798
190,000	Port Whitman WA Cnty; 6.250%; 12/01/25	190,494	174,131
800,000	Rialto CA Redev Agy; 5.150%; 9/01/35	760,992	576,752
425,000	Robinson Twp PA Mun; 8.550%; 5/15/18	503,837	498,347
425,000	Rockland Cnty NY In; 6.220%; 12/01/27	425,000	374,102
395,000	Savannah GA Hosp; 6.625%; 7/01/18	422,820	398,136
150,000	Seattle WA Build; 4.680%; 8/01/24	150,293	155,970
300,000	Shelbyville IN Cent; 5.125%; 1/05/12	296,202	308,937
140,000	South Dakota Econ; 5.250%; 4/01/11	137,424	140,899
170,000	South Dakota Econ; 5.250%; 4/01/13	167,637	177,097
70,000	Stanislaus Cnty CA; 7.150%; 8/15/13	74,424	73,016
125,000	Stanton CA Redev Agy; 5.200%; 12/01/35	113,312	88,675
235,000	Steamboat Springs CO; 6.550%; 12/01/32	249,648	215,135
500,000	Summit Cnty OH Port; 6.000%; 5/15/14	500,000	496,965
800,000	Summit Cnty OH Port; 6.000%; 11/15/26	800,000	695,712
220,000	University Tex Univ Revs; 6.276%; 8/15/41	227,238	226,257
500,000	Utah Cnty UT Mun; 6.000%; 11/01/19	513,000	533,580

**See accompanying notes**

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**SCHEDULE OF INVESTMENTS**

**December 31, 2010**

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<u>Shares</u>		<u>Cost</u>	<u>Fair Value</u>
10,000	Utah St Brd Regents; 5.000%; 11/01/11	10,159	10,111
180,000	Utah St Build Amer; 3.539%; 7/01/25	182,313	165,152
105,000	Washington St Build; 4.636%; 8/01/22	112,534	106,845
965,000	Wyandotte Cnty KS; 6.150%; 12/01/17	<u>977,336</u>	<u>950,419</u>
		<u>23,909,227</u>	<u>23,706,307</u>
	<b>Total Fixed Income</b>	<u>75,586,986</u>	<u>75,124,776</u>
	<b><u>CASH &amp; CASH EQUIVALENTS: 2.95%</u></b>		
	First Amer Prime Oblig Fd CI Z	<u>7,064,694</u>	<u>7,064,694</u>
	<b>Total Cash and Cash Equivalents</b>	<u>7,064,694</u>	<u>7,064,694</u>
	<b>TOTAL INVESTMENTS</b>	<u>\$214,305,659</u>	<u>\$ 239,098,525</u>

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**See accompanying notes**

# THE CONSOLIDATED FUND OF FRIENDS FIDUCIARY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

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### (1) ORGANIZATION

The Consolidated Fund (the "**Fund**") is a co-mingled investment fund sponsored by Friends Fiduciary Corporation ("**Fiduciary**"). Fiduciary is a Quaker non-profit corporation which qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Fiduciary's mission is to provide investment, planned giving and trusteeship services for Friends meetings, schools and other non-profit, tax-exempt organizations (collectively referred to as "**Constituent Organizations**"). The Fund's investment objective is to provide long-term total return by investing its assets in a balanced portfolio of common stocks, financial trusts such as real estate investment trusts and fixed income investments.

Constituent Organizations can purchase or redeem Fund dollars on a daily basis.

### (2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

#### **Investments**

Investments in securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. Other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price.

#### **Fair Value Measurements**

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Valuations based on inputs that are unobservable, that is, inputs that reflect the Fund's own assumptions.

#### **Investment Transactions**

Investment transactions are recorded on the trade date. Realized gains and losses from investment transactions are determined using the specific identification method.

**THE CONSOLIDATED FUND OF  
FRIENDS FIDUCIARY CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

**Income Recognition**

Interest income is recorded as earned. Dividend income is recorded on the ex-dividend date. Expenses are recorded as incurred.

**Distributions to Constituent Organizations**

The Fund makes semi-annual distributions to its Constituent Organizations. The amount of each distribution is determined by Fiduciary's Board of Directors. The distributions for 2010 and 2009 were each calculated at the annual rate of 5.25% and 5.50%, respectively, of the Fund's average unit value as measured quarterly over the three years preceding the date of the distributions.

**Use of Estimates**

In preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain items in the 2009 financial statements have been reclassified in order to conform to the 2010 presentation.

**(3) FAIR VALUE MEASUREMENTS**

The following tables present information about the Fund's assets measured at fair value as of December 31, 2010 and 2009:

	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Balance as of December 31, 2010</u>
<b>Assets</b>				
Investments in securities at fair value	<u>\$163,973,749</u>	<u>\$75,124,776</u>	<u>\$ -</u>	<u>\$239,098,525</u>

	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Balance as of December 31, 2009</u>
<b>Assets</b>				
Investments in securities at fair value	<u>\$144,717,152</u>	<u>\$73,060,629</u>	<u>\$ -</u>	<u>\$217,777,781</u>

**(4) LOAN RECEIVABLE**

The Fund has two loans receivable from a Constituent Organization which is fully collateralized by the Constituent Organization's unit holding in the Fund. Interest is payable semi-annually at the prime rate. At December 31, 2010 and 2009, the principal outstanding was \$600,000.

# THE CONSOLIDATED FUND OF FRIENDS FIDUCIARY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

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### (5) INVESTMENT ADVISORY FEES

The Fund's investments are currently managed by eight registered investment advisors: Boston Common Asset Management, LLC, Brandywine Asset Management, Chicago Equity Partners, Columbia Management, Great Lakes Advisors, Inc., Lazard Asset Management LLC, Payden & Rygel and Urdang Investment Management, Inc. Pursuant to separate investment advisory agreements with each advisor the Fund pays quarterly investment advisory fees. Such fees are calculated at annual rates that range from 0.25% to 0.76% of the market value of its managed assets.

### (6) RELATED PARTY TRANSACTIONS

During 2010, the Fund executed certain security transactions with brokerage firms with which then-members of the Board of Directors of Fiduciary were affiliated. The Fund paid stock trading commissions to those brokerage firms of \$94,928 for 2010 and \$207,392 for 2009. In addition, the Fund paid \$55,800 in 2010 and \$51,800 in 2009 to a company of which a then-member of the Board of Directors of Fiduciary was an owner and officer for the preparation of investment performance reports.

During the years ended December 31, 2010 and 2009, respectively, the Fund paid legal fees of \$30,062 and \$11,457 to a law firm which was affiliated with one of the then-members of Fiduciary's Board of Directors.

*As of December 31, 2010, all relationships in which members of the Board of Directors of Fiduciary received, directly or indirectly, any compensation from Fiduciary had been terminated.*

### (7) FINANCIAL HIGHLIGHTS

Operating performance for a unit outstanding for the years ended December 31, 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Net unit value, beginning of year <b>(c)</b>	\$38.51	\$34.19
Net investment income <b>(a)</b>	.90	1.03
Net realized and unrealized gain (loss) <b>(b)</b>	<u>3.66</u>	<u>5.78</u>
Total from operations	<u>4.56</u>	<u>6.81</u>
Distributions	<u>(2.17)</u>	<u>(2.49)</u>
Net unit value, end of year	<u>\$40.90</u>	<u>\$38.51</u>
Total return	<u>11.84%</u>	<u>19.93%</u>

The ratios of expenses to average net assets and net investment income to average net assets for the years ended December 31, 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Expenses	.72%	.82%
Net investment income	2.26%	2.83%

# THE CONSOLIDATED FUND OF FRIENDS FIDUCIARY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

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The net investment income and net realized and unrealized gains per unit were calculated by dividing the amounts of net investment income and net realized and unrealized gains for the years ended December 31, 2010 and 2009, as reflected in the accompanying statements of changes in net assets, by the **average** number of units outstanding during the respective years.

The total return was calculated by dividing the sum of the net investment income per unit **(a)** plus the net realized and unrealized gains per unit **(b)** for the years ended December 31, 2010 and 2009 by the net unit value, as of the beginning of the respective years **(c)**.

The ratios of expenses and net investment income to average net assets were calculated by dividing the amounts of expenses and net investment income for the years ended December 31, 2010 and 2009 by the **average** amount of net assets during the respective years.

### **(8) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 19, 2011, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2010 that required recognition or disclosure in the financial statements.