

Name of Investment Adviser: Fiduciary Counselors Inc.						
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
700 12 th Street NW	Suite 700	Washington,	DC	20005	(202)	558-5130

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	2
2	Types of Clients	2
3	Types of Investments	3
4	Methods of Analysis, Sources of Information and Investment Strategies.....	3
5	Education and Business Standards.....	4
6	Education and Business Background.....	4
7	Other Business Activities	4
8	Other Financial Industry Activities or Affiliations	4
9	Participation or Interest in Client Transactions	5
10	Conditions for Managing Accounts	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion	6
13	Additional Compensation	6
14	Balance Sheet	6
	Continuation Sheet	Schedule F
	Continuation Sheet.....	Schedule G

FORM ADV Part II - Page 2	Applicant: Fiduciary Counselors Inc.	SEC File Number: 801-57010	Date: 3-31-10
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Definitions for Part II

Related person — Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services — Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. A. Advisory Services and Fees. (check the applicable boxes)		For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)	
Applicant:			
<input checked="" type="checkbox"/>	(1) Provides investment supervisory services.....	5	%
<input checked="" type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services	54	%
<input type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above		%
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription		%
<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above		%
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities		%
<input checked="" type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities	23	%
<input type="checkbox"/>	(8) Provides a timing service		%
<input checked="" type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above	18	%
(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)			
B. Does applicant call any of the services it checked above financial planning or some similar term?		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
C. Applicant offers investment advisory services for: (check all that apply)			
<input type="checkbox"/>	(1) A percentage of assets under management	<input type="checkbox"/>	(4) Subscription fees
<input checked="" type="checkbox"/>	(2) Hourly charges	<input type="checkbox"/>	(5) Commissions
<input checked="" type="checkbox"/>	(3) Fixed fees (not including subscription fees)	<input type="checkbox"/>	(6) Other
D. For each checked box in A above, describe on Schedule F:			
<ul style="list-style-type: none"> the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee applicant's basic fee schedule, how fees are charged and whether its fees are negotiable when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date 			
2. Types of Clients — Applicant generally provides investment advice to: (check those that apply)			
<input type="checkbox"/>	A. Individuals	<input checked="" type="checkbox"/>	E. Trusts, estates, or charitable organizations
<input checked="" type="checkbox"/>	B. Banks or thrift institutions	<input checked="" type="checkbox"/>	F. Corporations or business entities other than those listed above
<input type="checkbox"/>	C. Investment companies	<input type="checkbox"/>	G. Other (describe on Schedule F)
<input checked="" type="checkbox"/>	D. Pension and profit sharing plans		

FORM ADV Part II - Page 3	Applicant: Fiduciary Counselors Inc.	SEC File Number: 801-57010	Date: 3-31-10
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3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|---|
| <p><input checked="" type="checkbox"/> A. Equity Securities
 <input checked="" type="checkbox"/> (1) exchange-listed securities
 <input checked="" type="checkbox"/> (2) securities traded over-the-counter
 <input type="checkbox"/> (3) foreign issuers</p> <p><input checked="" type="checkbox"/> B. Warrants</p> <p><input checked="" type="checkbox"/> C. Corporate debt securities
 (other than commercial paper)</p> <p><input type="checkbox"/> D. Commercial Paper</p> <p><input type="checkbox"/> E. Certificates of deposit</p> <p><input type="checkbox"/> F. Municipal securities</p> <p>G. Investment company securities:</p> <p><input type="checkbox"/> (1) variable life insurance
 <input type="checkbox"/> (2) variable annuities
 <input checked="" type="checkbox"/> (3) mutual fund shares</p> | <p><input type="checkbox"/> H. United States government securities</p> <p>I. Options contracts on:</p> <p><input type="checkbox"/> (1) securities
 <input type="checkbox"/> (2) commodities
 <input type="checkbox"/> (1) tangibles</p> <p>J. Futures contracts on:</p> <p><input type="checkbox"/> (1) tangibles
 <input type="checkbox"/> (2) intangibles</p> <p>K. Interests in partnerships investing in:</p> <p><input checked="" type="checkbox"/> (1) real estate
 <input type="checkbox"/> (2) oil and gas interests
 <input checked="" type="checkbox"/> (3) other (explain on Schedule F)</p> <p><input checked="" type="checkbox"/> L. Other (explain on Schedule F)</p> |
|--|---|

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|---|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

FORM ADV Part II - Page 4	Applicant: Fiduciary Counselors Inc.	SEC File Number: 801-57010	Date: 3-31-10
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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes ☒ No ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

☒ A. Applicant is actively engaged in a business other than giving investment advice.

☒ B. Applicant sells products or services other than investment advice to clients.

☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.

☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.

C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

<input type="checkbox"/> (1) broker-dealer	<input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes ☐ No ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

FORM ADV Part II - Page 5	Applicant: Fiduciary Counselors Inc.	SEC File Number: 801-57010	Date: 3-31-10
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9. **Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☐ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. **Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? Yes ☐ No ☒
- (If yes, describe on Schedule F.)

11. **Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

The Registrant acts as independent fiduciary for ERISA plans. This usually involves reviewing one-time transactions, managing securities that are not publicly traded such as a real estate limited partnership or managing employer securities in pension plans. Reviews vary depending on the nature and duration of the assignment. One or more members of the Investment Committee generally conduct the reviews.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

The frequency and nature of reporting to clients is negotiated on a client by client basis and varies depending on the nature of the engagement. Assets usually are held by third-party trustees who report to clients on holdings at least annually and often more frequently.

FORM ADV Part II - Page 6	Applicant: Fiduciary Counselors Inc.	SEC File Number: 801-57010	Date: 3-31-10
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12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | |
|--|--|--------------------------------|
| (1) securities to be bought or sold? | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| (4) commission rates paid? | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients?
- | | |
|---------------------------------|---|
| Yes
<input type="checkbox"/> | No
<input checked="" type="checkbox"/> |
|---------------------------------|---|

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|---------------------------------|---|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes
<input type="checkbox"/> | No
<input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes
<input type="checkbox"/> | No
<input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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**Schedule F of
Form ADV Part II
Continuation Sheet – Page 1**

Applicant:	SEC File Number:	Date:
Fiduciary Counselors Inc.	801-57010	3-31-10

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Fiduciary Counselors Inc.		IRS Empl. Ident. No.: 22-3709903
Item of Form (identify)	Answer	
1.A.	Registrant is a pension consultant that primarily acts as independent fiduciary for pension funds managing specific assets or funds under the Employee Retirement Income Security Act of 1974 ("ERISA"). These assets or funds include publicly-traded securities (including employer securities), non-publicly traded securities, and real estate. The Registrant advises plan fiduciaries and employers with respect to fiduciary requirements both generally and with respect to various types of investments, some of which are securities and some of which are other assets such as real estate. The registrant acts as independent fiduciary with respect to litigation settlement and its employees serve as expert witnesses in litigation, some of which involve securities and some of which do not. The Registrant also provides more general pension and employee benefits consulting, including in connection with corporate transactions and bankruptcy.	
1.D.	Fees are typically charged on the basis of the estimated time involved and complexity of each case (a flat fee), or on the basis of time and expense (an hourly charge). Fees are negotiable and are agreed upon in an investment advisory contract or by a fee agreement prior to the performance of any service. Each contract or agreement usually sets forth, among other things, the services to be provided, the fee, the length of the contract period, and how the contract may be terminated.	
3. K. and L.	Other investment types may include, among others, private equity funds, non-publicly traded equities, timber funds and real estate. The Registrant acts primarily as independent fiduciary for pension plans subject to ERISA. Funds in which pension plans invest may be organized as partnerships, limited liability companies or common and collective trust funds. In addition, the Registrant offers a variety of services to clients with respect to pension consulting and advice concerning fiduciary requirements under ERISA.	
4.A. (5)	Investment strategies used to implement any investment advice are based upon the investment objectives as identified by the client and/or by compliance with ERISA and its guidelines concerning the investment of qualified retirement plan assets.	
4.B. (8)	Registrant obtains advice from other advisers, pension consultants and third party appraisers.	
5.	The Registrant requires that employees who carry out investment advisory functions have at least a college degree and extensive understanding and knowledge of pension funds and related issues.	
6.	<p>Members of the investment committee for the firm are:</p> <p>Ellen A. Hennessy Date of Birth: 3/3/1949 Education: Michigan State University - BA (Social Science) Catholic University of America - JD Georgetown U. Law Center - LLM (Taxation) Business Background: Fiduciary Counselors Inc. - President Dec. 1999 – Feb. 2005; President & CEO Feb. 2005-Present (previously ASA Fiduciary Counselors Inc. 1999-2001 and Aon Fiduciary Counselors Inc. 2001-May 03) Aon Consulting - Senior Vice President October 2000 - June 30, 2003 Actuarial Sciences Associates, Inc. - Senior Vice President May 1998 - October 2000 ASA Acquisition - Member, Board of Directors April 1998 - October 2000 Pension Benefit Guaranty Corp. - Deputy Exec. Dir. and Chief Negotiator May 1993 - April 1998 Willkie Farr & Gallagher - Partner Jan. 1987 - April 1993; Associate May 1985 - Dec. 1986</p> <p>John J. Miller Date of Birth: 5/16/1951 Education: Manhattan College – BA (English Literature) Fordham University – MA (English Literature) University of Michigan – Master of Public Policy Business Background: Fiduciary Counselors Inc. - Sr. Vice President & Chief Financial Officer Feb. 2005 - Present Vice President and Chief Financial Officer July 2003 – Feb. 2005 Treasurer Nov. 1999 – Jan. 2001 (then ASA Fiduciary Counselors Inc.) Actuarial Sciences Associates - Senior Vice President and Chief Financial Officer April 1999 – Jan 2001 Southern New England Telecommunications – Vice President and Treasurer Jan 1985 – March 1999</p> <p>Laura Rosenberg, CFA, CIRA, CDBV Date of Birth: 5/15/1961 Education: University of Maryland - BS Finance The George Washington University - MBA, Finance Georgetown University – Certificate in Government Affairs Chartered Financial Analyst Certified Insolvency and Restructuring Advisor Business Background: Fiduciary Counselors Inc. – Sr. Vice President, Finance Feb. 2005 – Present</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV Part II
Continuation Sheet – Page 2**

Applicant: Fiduciary Counselors Inc.	SEC File Number: 801-57010	Date: 3-31-10
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Fiduciary Counselors Inc.		IRS Empl. Ident. No.: 22-3709903
Item of Form (identify)	Answer	
	<p>Vice President, Finance – Feb. 2004 – Feb. 2005 Pension Benefit Guaranty Corporation – Manager, Corporate Finance and Negotiation Dept. – 1992-2004</p>	
7.	<p>Registrant's primary business is as a pension consultant. A significant portion of Registrant's business involved activities other than investment advice or investment management of securities, such as reviews of litigation settlements, fiduciary training, pension operational reviews, expert testimony in litigation, and advice concerning ERISA matters.</p>	
8.C (3)	<p>The Fiduciary Counselors Code of Ethics is based on the principle that all employees of the Company and certain other persons have a fiduciary duty to place the interest of clients ahead of their own and the Company's. This Code of Ethics applies to all employees. Employees must avoid activities, interests, and relationships that might interfere with making decisions in the best interests of the Company's clients. All employees must at all times:</p>	
9.	<p>1. Place the interests of clients first. All employees must scrupulously avoid serving their own personal interests ahead of the interests of the Company's clients. Employees may not induce or cause a client to take action, or not to take action, for personal benefit, rather than for the benefit of the client. For example, a supervisor or employee would violate the policy by causing a client to purchase a security he or she owned for the purpose of increasing the price of that security.</p> <p>2. Avoid taking inappropriate advantage of their position. The receipt of investment opportunities, perquisites or gifts from persons seeking business with the Company or its clients, could call into question the exercise of the independent judgment of any employee or the Company. Employees may not, for example, use their knowledge of portfolio transactions to profit by the market effect of such transactions.</p> <p>3. Conduct all personal securities transactions in full compliance with the Code. Employees may not engage in personal transactions based on material non-public information. Employees may not acquire or sell any client securities without approval of the Chief Compliance Officer. Any acquisition of securities in a private placement or initial public offering must be approved in advance by the Chief Compliance Officer. Doubtful situations always should be resolved in favor of clients. Technical compliance with the Code's provisions shall not automatically insulate from scrutiny any securities transactions or actions that indicate a violation of the Company's fiduciary duties.</p> <p>4. Maintain client confidentiality. Employees are prohibited from revealing information relating to the investment intentions, activities or portfolios of clients except to person whose responsibilities require knowledge of the information. Client records and financial information must be treated with strict confidentiality. Under no circumstances should any such information be disclosed to any third party that has not been granted a legal right from the client to receive such information.</p> <p>The Chief Compliance Officer is Christopher Capuano, the Registrant's General Counsel.</p>	
12.A. (3) – (4)	<p>Limitations on the Registrant's authority vary from client to client. Registrant generally uses brokers utilized by the plan trustee holding the assets that Registrant is managing, after confirming that they can obtain best price and execution. Products, research or services to Registrant are not a factor.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule G of
Form ADV Part II
Balance Sheet**

Applicant:	SEC File Number:	Date:
Fiduciary Counselors Inc.	801-57010	3-31-10

(Answers in Response to Form ADV Part II Item 14.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Fiduciary Counselors Inc.	IRS Empl. Ident. No.: 22-3709903
<p style="text-align: center;">Instructions</p> <p>1. The balance sheet must be:</p> <p style="margin-left: 40px;">A. Prepared in accordance with generally accepted accounting principles</p> <p style="margin-left: 40px;">B. Audited by an independent public accountant</p> <p style="margin-left: 40px;">C. Accompanied by a note stating the principles used to prepare it, the basis of included securities, and any other explanations required for clarity.</p>	
2. Securities included at cost should show their market or fair value parenthetically.	
3. Qualifications and any accompanying independent accountant's report must conform to Article 2 of Regulation S-X (17 CFR 210.2-01 et. seq.).	
4. Sole proprietor investment advisers:	
<p style="margin-left: 40px;">A. Must show investment advisory business assets and liabilities separate from other business and personal assets and liabilities</p> <p style="margin-left: 40px;">B. May aggregate other business and personal asset and liabilities unless there is an asset deficiency in the total financial position.</p>	

The most recent audited balance sheet for Fiduciary Counselors Inc. is attached.

BALANCE SHEET

Fiduciary Counselors Inc.
December 31, 2009 and 2008

ASSETS

	2009	2008
Current assets		
Cash (Note D-3)	\$ 1,897,183	\$ 2,013,665
Accounts receivable	632,392	630,602
Prepaid expenses	187,113	218,538
Total current assets	2,716,688	2,862,805
Property and equipment		
Office equipment and furnishings- net of accumulated depreciation of \$29,166 and \$19,835	22,274	22,536
Other assets		
Security deposit	17,389	17,389
Related party loans (Note F)	530,582	1,137,898
Total other assets.	547,971	1,155,287
Total assets	\$ 3,286,933	\$ 4,040,628

LIABILITIES

Current liabilities		
Accounts payable and accrued expenses	\$ 1,532,094	\$ 1,645,604
Profit sharing payable	199,116	165,035
Client retainers and escrows	18,347	18,330
Deferred income taxes (Note B-5)	4,238	3,978
Deferred revenue (Note B-4 and D-2)	242,781	306,416
Total current liabilities	1,996,576	2,139,363
Total liabilities	1,996,576	2,139,363

COMMITMENTS (Note D)

STOCKHOLDER'S EQUITY

Common stock, par value .01 per share, 1000 shares authorized, issued and outstanding	10	10
Additional paid-in capital	533,990	533,990
Retained earnings	756,357	1,367,265
Total stockholder's equity	1,290,357	1,901,265
Total liabilities and stockholder's equity	\$ 3,286,933	\$ 4,040,628

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

Fiduciary Counselors Inc.
December 31, 2009 and 2008

NOTE A - ORGANIZATION

The Company provides independent fiduciary services, consulting and expert testimony on matters related to pension and retirement plans, employee benefit plans, corporate governance and related issues. The Company is an SEC registered investment advisor that acts as an independent fiduciary and investment manager and advisor with respect to benefit plan assets. The Company was purchased by Fiduciary Group, Inc. (the Parent) in 2003 and is a wholly owned subsidiary. Consolidated financial statements are prepared with the Parent in addition to these statements which are unconsolidated.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared on the accrual basis, in accordance with accounting principles generally accepted in the United States of America. A summary of the Company's significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Cash and cash equivalents

The Company considers all demand deposits and money market funds to be cash equivalents.

2. Office equipment and furnishings

Office equipment is stated at cost. Depreciation is provided using the straight line and accelerated methods over the estimated useful lives of the assets which range from three to five years.

3. Accounts receivable

After reviewing the accounts receivable aging, no provision for uncollectible accounts is deemed necessary by management.

4. Revenue recognition and deferred revenue

Contract fees are allocated and recognized over the life of the contract. Deferred revenue represents contract billings that extend beyond the end of the current year. Also see Note D-2.

5. Income taxes

The Company and the Parent file a consolidated tax return for both federal and D.C. income taxes. Income taxes have been computed and attributed to the Parent and the Company as if they file separately. Deferred income taxes are provided to account for the timing differences between the deductibility of depreciation for income tax purposes versus financial reporting purposes.

NOTES TO FINANCIAL STATEMENTS

Fiduciary Counselors Inc.
December 31, 2009 and 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. Some of the estimates used in the preparation of these financial statements include deferred revenue and depreciation.

NOTE C – CONCENTRATION OF CREDIT RISK

The Company maintains cash accounts in a commercial bank that exceeds the federally insured limit for such deposits. The Company had federally uninsured cash balances of \$1,628,836 at December 31, 2009.

NOTE D – COMMITMENTS

1. Lease obligation

The monthly lease payment was \$15,789 through March 31, 2009 and the lease was then renewed for an additional year for \$15,789 per month through March 31, 2010. Future minimum lease payments total \$47,367 for the year ending December 31, 2010. Under the terms of the lease, if no action is taken the lease will automatically renew on March 31, 2010 with terms equal to the current terms.

2. Deferred revenue

For the years ended December 31, 2009 and 2008, the Company was obligated under contracts for services extending beyond the end of each year. The financial statements reflect \$242,781 and \$306,416, respectively in deferred revenues. These amounts represent monies that have been collected from clients that have not been earned in accordance with the terms of the contracts.

3. Restrictions on cash

As of December 31, 2009 and 2008, the Company was holding \$18,347 and \$18,330, respectively of client money in cash escrow accounts. These amounts may be used to satisfy certain client obligations including participant disbursements, as well as outstanding fees and expenses owed to the Company.

NOTES TO FINANCIAL STATEMENTS

Fiduciary Counselors Inc.
December 31, 2009 and 2008

NOTE D – COMMITMENTS (CONTINUED)

4. Loan guarantee

The Parent has been provided with a \$500,000 line of credit from Wachovia Bank, N.A. and as part of the agreement, the Company has pledged its personal property and accounts as a guarantor under the loan.

NOTE E – EMPLOYEE BENEFIT PLAN

The Company maintains a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code which covers all qualified employees. The Company contributed or has committed to contribute \$285,078 and \$235,561 respectively for the tax years ended December 31, 2009 and 2008.

NOTE F – RELATED PARTY TRANSACTIONS

The Company has provided a line of credit to the Parent. At December 31, 2008 the line of credit balance was \$1,100,750. On July 1, 2009 the new line of credit balance totaled \$625,000 and was restructured and converted into a fixed term loan. Under the new terms, equal annual principal installments will be made in the amount of \$62,500 beginning on June 30, 2010 and continuing until 2019. Interest accrues at six percent per annum and is payable at the time the related principal repayment is due. The Parent owed the Company \$18,902 and \$133,992 in accrued interest as of December 31, 2009 and 2008, respectively. The Parent paid interest to the Company of \$166,743 during 2009. In addition, the Parent had provided a cumulative net loan to the Company totaling \$113,322 as of December 31, 2009 and \$96,844 as of December 31, 2008 for income tax payments (net of tax benefits) made on the Company's behalf. The transactions above result in a net loan to the Parent of \$530,582 as of December 31, 2009 and \$1,137,898 as of December 31, 2008.

During 2009 the Company paid a \$642,500 dividend to the Parent.