

DISCLOSURE STATEMENT

FFP INVESTMENT ADVISORS, INC.

The date of this Disclosure Statement is March 1, 1994, and amended September 30, 2010. This Disclosure Statement is delivered in accordance with Part 249 of Chapter II of Title 17 of the Code of Federal Regulations under the Securities Exchange Act of 1934, as amended, and in particular Section 275.204-3 of said Regulations, as well as the Investment Advisers Act of 1940. If you are a new or prospective client, the Statement has either been delivered to you: (a) at least 48 hours in advance of your entering into such a contract, or (b) at the time of entering into such a contract, in which case you will have five business days to terminate the contract without penalty. If you are an existing client, this Statement has been delivered to meet requirements for annual delivery of such a Statement under said Regulations.

This Disclosure Statement contains information relating to FFP Investment Advisors, Inc., and the nature of its business. Items 1 through 6 relate to general information about FFP's basic operation including the types of services offered and fees charged, the types of clients advised, the types of investments generally recommended, the methods of analysis, the types of investment strategies employed, the sources of information used by FFP in formulating decisions, and the educational and business standards applicable to persons associated with FFP. Items 7 through 15 contain information about other business activities of FFP, other activities or affiliations of FFP in the securities industry, and its participation in connection with securities transactions of clients.

FFP Investment Advisors, Inc. (FFP), is a Minnesota corporation established December 31, 1976. The sole shareholder and employee of FFP Investment Advisors, Inc. is Keith A. Witter.

FFP is an investment advisory firm registered with the State of Minnesota under the Investment Advisers Act of 1940. The information regarding FFP contained herein has not been passed upon or approved by the State of Minnesota or the Securities and Exchange Commission, nor has either passed upon or approved the qualifications or business practices of FFP.

FFP shall, annually, or more often if necessary for accuracy, deliver to each of its clients this "Disclosure Statement," as the same shall be amended.

1. ADVISORY SERVICES AND FEES

- (a) FFP provides financial planning services on a fee basis. FFP evaluates nine primary areas to develop a comprehensive financial plan tailored to fit the needs of the individual client. These areas include the following: 1) assets and liabilities; 2) current income; 3) current income taxes; 4) insurance coverage; 5) retirement planning; 6) estate planning; 7) business holdings; 8) committed and discretionary expenses; 9) and the client's investment attitudes and philosophy.

The above and other relevant individual factors are discussed with the client to develop a complete assessment of the client's current and long-term financial needs.

Next, FFP provides a written review of the client's financial situation that includes recommendations of how to pursue an investment strategy consistent with the client's financial goals and objectives. The plan may consider issues such as the effects of inflation on savings, tax effects on income and investments, tax-

sheltered investments, appropriate levels of cash reserve for contingencies, and other relevant issues. The financial plan may include asset and cash flow statements, comprehensive estate planning by on-staff attorneys, retirement planning, and provision for education of dependents. Additionally, FFP reviews the testamentary planning (insurance and wills) and reviews generic recommendations as to the investment of funds. Compensation is usually paid in two payments, one-half (1/2) of the agreed upon fee at commencement of preparation, and the balance upon completion of the financial plan. A client has five (5) business days to cancel his/her agreement with FFP without penalty and may receive a refund.

In addition, one may choose to pay an annual fee for financial planning services. The fee is determined by the complexity of the circumstances and is agreed upon between the client and FFP prior to commencement of work. Compensation is either paid in two payments, one-half (1/2) of the agreed upon fee at commencement of preparation and the balance upon completion of the financial plan, or in four payments, one-fourth (1/4) due at the end of each calendar quarter. A client has five (5) business days to cancel his/her agreement with FFP without penalty and may receive a refund.

Finally, FFP also recommends that the client's lawyer and accountant, in addition to those at FFP, be consulted to implement a comprehensive financial plan.

- (b) In addition to the financial planning services as defined and described in 1(a), FFP furnishes financial planning services through consultations which are billed on an hourly basis agreed prior to commencement of work. FFP is available to consult with clients who desire assistance to evaluate the impact of material changes in financial position, real estate purchases, or other issues that significantly affect the client's financial circumstances. The fee for these consultations is a rate negotiated prior to services rendered. The client is billed following the consultation.
- (c) FFP may analyze an existing or hypothetical portfolio and will render reports to a client for a fee. Analysis may include determination of portfolio suitability in accordance with a client's stated investment objective, risk tolerance, preferences, net worth, income and tax status.
- (d) FFP Investment Advisors, Inc. manages investment advisory accounts on a fee basis. The principal clients for this service are certain Trusts held at bank trust departments and non-profit organizations. The fee is based on a percentage of the assets under management with an annual minimum of \$250.00. FFP does not hold any client cash or securities.

2. TYPES OF CLIENTS

FFP's clients generally consist of personal trusts, corporations, pension and profit sharing plans, and non-profit organizations.

3. TYPES OF INVESTMENTS

FFP generally provides investment advice concerning mutual funds, exchange listed securities, over the counter securities, corporate debt securities, warrants, commercial paper, bank certificates of deposit, municipal securities, United States government securities, variable life insurance, variable annuities, and real estate partnerships.

4. METHODS OF ANALYSIS, SOURCE OF INFORMATION, AND INVESTMENT STRATEGIES.

- (a) **ANALYSIS:** FFP is primarily fundamental in its approach to the economy, stock market, and individual securities. FFP believes that analysis of the client's balance sheet, income statement, and sources and uses of funds provide significant indications of the attractiveness of a particular investment. FFP does, however, use

other methods of analysis to complement the fundamental approach. Fundamental analysis provides the basis upon which recommendations are made to buy, hold, and sell specific securities. Technical, cyclical, and charting methods are utilized primarily for the purpose of timing the buy or sell decision.

- (b) **SOURCES OF INFORMATION:** The principal financial information sources used are The Wall Street Journal, Standard and Poors, CCH Tax Guide, Forbes, A.M. Best, Morningstar, government publications, the Internet, and annual reports. These sources are all used to support FFP analysis and activities.
- (c) **STRATEGIES:** FFP believes that its fiduciary responsibilities require FFP to tailor portfolio/investment strategies to the needs of the individual client. In general, FFP's investment philosophy is appreciation of principal and/or to maximize current income within the constraints of prudent risk-taking and according to the client's stated objectives. Portfolios are structured not only to meet current objectives but also to anticipate future needs and changes in long-term goals, as well as to minimize taxes.

5. EDUCATION AND BUSINESS STANDARDS

FFP does have general standards of education or business background required for persons associated with FFP. Each reviewer is a JD, CPA, CFP or ChFC or has at least ten (10) years of experience in financial planning and or related investment areas.

6. EDUCATION AND BUSINESS BACKGROUND

Following are the members of FFP that offer investment advice to clients along with their education and business backgrounds:

KEITH A. WITTER, J.D. President of FFP Investment Advisors, Inc., was born October 14, 1947. He is an attorney and has practiced as a Certified Public Accountant. After graduation from Gustavus Adolphus College, Keith worked first as a commercial loan officer with Northwestern National Bank, then as a tax accountant with Arthur Andersen & Co. in Minneapolis. When he obtained his law degree from the University of Minnesota Law School in 1973, he became a partner in the Dunlap Law Firm in Rochester, Minnesota. Keith has been an officer of FFP Investment Advisors, Inc. since 1982. Keith is a licensed independent securities representative through GunnAllen Financial, Inc., a NASD securities broker-dealer.

7. OTHER BUSINESS ACTIVITIES

Keith Witter is a licensed insurance agent. Clients are under no obligation to purchase any insurance products or services through him. They are free to direct their purchases and requests for services to whomever they choose.

8. OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS

FFP's only other financial industry affiliations are Keith Witter's appointments with various insurance companies.

9. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

All Reviewers, as principal, do not sell securities to or buy securities from clients. However, FFP or its principals may occasionally invest in the same securities as its clients. These transactions will be disclosed at the client's request. FFP does not impose any restriction upon itself or persons associated with it in connection with the purchase or sale, directly or indirectly, for its or their account of securities recommended to clients.

10. CONDITIONS FOR MANAGING ACCOUNTS

FFP does not require a minimum dollar amount of assets or income. One-half (1/2) of the fee is generally collected upon signing the Agreement (but not more than \$500) while the balance is collected upon completion of work. Fees may also be collected on a quarterly basis.

11. REVIEW OF ACCOUNTS

Accounts are reviewed as requested by client. Tax law changes, market changes or market conditions may trigger this review. Additionally, a review is instigated by a client inquiry due to personal changes. The review is made by FFP, and the client is provided with a written, comprehensive report, which includes current recommendations. Accounts referred to in 1(d) are reviewed on a continuous basis and reports are issued quarterly.

12. INVESTMENT OR BROKERAGE DISCRETION

- (a) FFP does not have discretionary authority to make any of the following determinations without obtaining the consent of the investment advisory client before the transactions are effected: (1) which securities are to be bought or sold; (2) the total amount of the securities to be bought or sold; (3) through which broker or dealer securities are to be bought or sold; (4) the commission rates at which securities transactions for client accounts are affected,.
- (b) FFP does not normally suggest other brokers to clients. However, if a client moves or relocates to an area where FFP cannot efficiently service a client, FFP may, at its discretion, refer the client to a broker that is better able to service the client in their new location.

13. ADDITIONAL COMPENSATION

- (a) FFP Investment Advisors, Inc. can receive compensation from other, non-client, persons or entities for providing investment advisory service to its clients.

FFP Investment Advisors may receive benefits from investment companies, insurance companies and other entities as a result of transactions or recommendations. These benefits are not related to transaction volume. Benefits are generally in the form of training, meals and entertainment of a reasonable amount, and non-cash gifts such as pens, notepads and other novelty items.

- (b) FFP Investment Advisors, Inc. may compensate a solicitor for referring clients that may benefit from FFP Investment Advisors expertise. This compensation is in the form of a fee paid to the solicitor when a Client enters into an advisory relationship with FFP Investment Advisors.

14. BALANCE SHEET

FFP Investment Advisors, Inc. does not keep a client funds balance sheet because FFP does not have custody of client funds or securities and does not require prepayment for services of greater than \$500.

15. LIABILITY

Attorneys affiliated/employed by FFP may provide legal services to clients for a predetermined fee. The attorneys, in performing these services, are personally responsible and liable for advice and work performed on behalf of the client.