



Willow Ridge Capital Advisors, Inc

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Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Willow Ridge Capital Advisors. If you have any questions about the contents of this brochure, please contact us at 831.373.3936. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Willow Ridge Capital Advisors also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 12/31/2010, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Advisory Business

Willow Ridge Capital Advisors is a SEC-registered investment adviser with its principal place of business located in California. Willow Ridge Capital Advisors began conducting business in 2001.

Listed below are the firm's principal shareholders (those individuals and/or entities controlling 25% or more of this company)

Steven Charles Merrell, President, Chief Investment Officer
Gary Eugene Douglas Alt, Partner, CCO
Jeanne Marie Merrell, Director
Sheila Edith Alt, Director

Willow Ridge Capital Advisors offers the following advisory services to our clients:

Investment management

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's needs are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As part of the financial planning process we may also review and discuss a client's investment history, as well as family composition and background.

Once the client's portfolio has been established, we review the portfolio regularly and if necessary, rebalance the portfolio based on the client's individual needs. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. Investments are selected based on the client's stated investment objectives, tolerance for risk, liquidity and suitability.

We manage these advisory accounts on a discretionary and non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will be reasonably available to consult with the client and maintain client suitability information in each client's file.

Financial planning

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives. Typically the financial plan is prepared to guide the investment plan.

In general, the financial plan can address any or all of the following areas:

PERSONAL: We review family records, budgeting, personal liability, estate information and financial goals.

TAX & CASH FLOW: We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.

INVESTMENTS: We analyze investment alternatives and their effect on the client's portfolio.

INSURANCE: We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

RETIREMENT: We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

DEATH & DISABILITY: We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

ESTATE: We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we can coordinate the plan with his/her attorney, accountant, and/or insurance agent. Implementation of financial plan recommendations is entirely at the client's discretion.

Consulting services

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Amount of managed assets

As of 12/31/2010, we were actively managing \$66,359,772 of clients' assets on a discretionary basis plus \$24,193,369 of clients' assets on a non-discretionary basis.

Fees and Compensation

Financial planning fees

Willow Ridge Capital Advisors' Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Our Financial Planning fees are calculated and charged on a fixed fee basis, typically

ranging from \$500 to \$5,000 depending on the specific arrangement reached with the client. We require a retainer prior to beginning the planning process and the balance is due upon completion of the plan.

Investment management fees

The annualized fee for Investment Management is charged as a percentage of assets under management, according to the following schedule:

1.125% per annum for the first \$1,000,000
1.00% per annum for the next \$1,000,000
0.75% per annum for the next \$3,000,000
0.50% per annum for the next \$5,000,000
negotiated for amounts above \$10,000,000

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the market value of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement. All new accounts adhere to the above fee schedule unless otherwise business conditions warrant adjustment. Legacy accounts may have a different fee schedule which was in effect at the time the original client agreement was signed.

A minimum of \$500,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances.

Consulting services fees

Willow Ridge Capital Advisors' Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Our Consulting Services fees are calculated and charged on an hourly basis of \$250 per hour. An estimate for the total hours is determined at the start of the advisory relationship.

General information

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Mutual Fund Fees: All fees paid to Willow Ridge Capital Advisors for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Willow Ridge Capital Advisors' minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: Willow Ridge Capital Advisors is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. . As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Willow Ridge Capital Advisors may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Willow Ridge Capital Advisors' advisory fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Performance-Based Fees and Side-By-Side Management

Willow Ridge Capital Advisors does not charge performance-based fees.

Types of Clients

Willow Ridge Capital Advisors provides advisory services to families, individuals, trusts, charitable organizations, and businesses.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Asset Allocation. Asset allocation is the process of deciding what proportion of a portfolio should be invested in stocks, bonds, cash or other investments such as real estate and commodities. Numerous academic studies have demonstrated that asset allocation has a greater impact on portfolio performance than any other decision in portfolio construction process. Consequently, we focus on developing proprietary asset allocations called *Efficient Value*[™] portfolios that have the least possible risk for a given level of expected return. Using information we gather during the financial and/or investment planning process, we select the *Efficient Value*[™] portfolio that is best suited to the client's investment goals. The asset allocation can be further customized based on the client's unique circumstances.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Mutual Fund and/or ETF Analysis. Using *MF Analytics*TM, our proprietary mutual fund and exchange-traded fund scoring system, we evaluate the track record of the fund manager. Managers receive a rating of excellent, strong, fair, or poor. Less than 20 percent of funds reviewed receive a rating of excellent or strong. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that past performance does not guarantee future results. A manager who has been successful in one period may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

All investments have risks that are borne by the investor and we employ certain risk-management techniques to attempt to reduce those risks. However, as with all investments, clients face investment risks including the following: Financial Risk, Purchasing Power Risk, Reinvestment Rate Risk, Loss of Principal Risk, Interest Rate Risk, Market Risk, Currency Risk, Liquidity Risk.

Investment strategies

Our primary investment strategy is strategic asset allocation using proprietary combinations of mutual funds, ETF's and other managed products called *Efficient Value*TM portfolios. We use institutional-class, low-cost mutual funds, index funds and exchange-traded funds (ETF's). Portfolios are constructed to achieve broad diversification to reduce company-specific risk. Specific client needs may dictate the use of individual securities or a modified strategy. We may also recommend non-related third-party investment managers where appropriate.

for the client. The investment strategy selected for a client portfolio is driven by the client's objectives, risk tolerance, income needs, or tax situation.

Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have not been involved in any legal or disciplinary events related to past or present activities.

Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Willow Ridge Capital Advisors and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Willow Ridge Capital Advisors' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by calling us at 925.462.8005.

Willow Ridge Capital Advisors and individuals associated with our firm are prohibited from engaging in principal transactions.

Willow Ridge Capital Advisors and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain securities which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

No principal or employee of our firm may put his or her own interest above the interest of an advisory client.

No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.

We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee. We have established procedures for the maintenance of all required books and records.

Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.

All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm. We have established policies requiring the reporting of Code of Ethics violations to our senior management.

Any individual who violates any of the above restrictions may be subject to termination.

Brokerage Practices

Willow Ridge Capital Advisors does not have any affiliation with firms that engage in product sales. Willow Ridge Capital Advisors may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Willow Ridge Capital Advisors is independently owned and operated and not affiliated with Schwab.

Schwab provides Willow Ridge Capital Advisors with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10

million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Willow Ridge Capital Advisors but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide research, pricing and other market data; facilitate payment of our fees from clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include: compliance, legal and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Willow Ridge Capital Advisors. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Willow Ridge Capital Advisors will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Willow Ridge Capital Advisors will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Willow Ridge Capital Advisors' block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Willow Ridge Capital Advisors, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Willow Ridge Capital Advisors to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Willow Ridge Capital Advisors' client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Willow Ridge Capital Advisors' records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Review of Accounts

Periodic Reviews

Accounts are reviewed regularly as determined by client needs, client agreement, and market conditions. Reviews may be conducted quarterly, semi-annually or annually. The topics of these reviews may include investment performance, asset allocation, or needs related to tax and estate planning, cash flow and income planning, or insurance. Account reviews are performed by Gary Alt and Steve Merrell.

Client Referrals and Other Compensation

Client referrals

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;

- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Willow Ridge Capital Advisors' policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

As dictated by the needs of a client, Willow Ridge may refer a client to an attorney, accountant or other professional in the process of assisting the client to implement various aspects of their financial plan. As a policy, Willow Ridge does not accept referral fees or any other form of compensation from other professionals when a client is referred to them.

Custody

Our firm does not have actual or constructive custody of client accounts. This means that we do not take physical possession of client assets, nor do we have the ability to withdraw assets or move assets without our client's express consent.

As we previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure, most clients permit our firm to directly debit advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

On a monthly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. This monthly report by an independent custodian is a vital part of the financial controls that protect your assets.

Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to determine the securities and the amount of securities to buy or sell in the client's account without contacting the client.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions. They must also sign a limited power of attorney which is submitted to the custodian along with their account application.

Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

Financial Information

Willow Ridge does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because Willow Ridge does not serve as custodian for client funds or securities, other than as described above, and does not require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Willow Ridge Capital Advisors has never been the subject of a bankruptcy petition at any time during the past ten years.

Privacy Policy

Willow Ridge Capital Advisors, Inc. is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. The categories of nonpublic information that we collect from our clients may include information about personal finances, information about health to the extent that it is needed for the financial planning process, information about transactions between clients and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help our clients meet their personal financial goals.

With our clients' permission, we may disclose limited information to attorneys, accountants, and mortgage lenders with whom they have established a relationship. Clients may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With client permission, we share a limited amount of information with the client's brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that our clients' information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment. We do not provide personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and personal records as permitted by law.

Personally identifiable information will be maintained while still a client of Willow Ridge Capital Advisors, Inc., and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify our clients in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to our clients annually, in writing.

Form ADV Part 2B:

Brochure Supplement

Supervised Persons: Gary E.D. Alt, Steve Merrell

Willow Ridge Capital Advisors
409 Washington Street, Suite 202-A
Monterey, CA 92940
831.373.3936

As of December 31, 2010

Education and Business Standards

Willow Ridge Capital Advisors, Inc. requires that any employee whose function involves determining or giving investment advice to clients must be a graduate of a four year college and must:

1. Have at least three years' experience in insurance, investments, accounting, or financial planning;
2. Hold the Series 65 Investment Adviser Representative license or its equivalent;
3. Hold a certificate in financial planning from an accredited education institution or be a Certified Financial Planner practitioner;
4. Subscribe to the Code of Ethics of the National Association of Personal Financial Advisors (NAPFA) and the CFP® Board of Standards;
5. Be properly licensed for all advisory activities in which they are engaged.

Educational Background and Experience

Steven C. Merrell, CFP®, President

Date of birth: 6/21/1962

Educational Background

- Brigham Young University, B.A. Economics, 1984
- Brigham Young University, MBA, 1986
- Kaplan University, Certificate in Financial Planning

Business Experience

- Founder and Director of Willow Ridge Capital Advisors since 6/01
- Chief Financial Officer of Specialized Bicycle Components, Inc from 5/00 to 4/01
- Vice President and Senior Portfolio Manager for American Express Financial Advisors, Inc from 4/91 to 4/00.
- Derivative specialist, JPMorgan Futures in London from 9/90 to 4/91.
- Quantitative analyst, IDS Financial Services from 2/88 to 9/90.

Designations

- CERTIFIED FINANCIAL PLANNER™ professional (CFP®)

Gary E.D. Alt, Co-founder & Chief Compliance Officer

Date of birth: 5/4/1962

Educational Background

- University of Wisconsin-Milwaukee, B.B.A. Finance, 1984
- UCLA, Certificate in Financial Planning

Business Experience

- Founder and Director of Willow Ridge Capital Advisors since 5/03

- General Manager and Vice President of Polycom from 6/99 to 4/03

Designations

- CERTIFIED FINANCIAL PLANNER™ candidate (CFP®)

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

CERTIFIED FINANCIAL PLANNER™ Certification

CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- **Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- **Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- **Ethics** – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- **Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- **Ethics** – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.