

Firm Brochure for Adelman Financial, Inc.

Document Summary

This brochure provides information about the qualifications and business practices of our firm, Adelman Financial, Inc. If you have any questions about the contents of this brochure, please contact us at 719-599-7374 and/or Russ.Adelmann@gmail.com. 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 Adelman Financial, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

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The date of this brochure is January 7, 2011.

Item 2: Material Changes

The last update was March 31, 2010. The following items discuss material changes since the last annual update of this brochure. To comply with new regulations, this form is narrative and in plain English and replaces the old ADV Part 2 and Schedule F.

Our firm's name had been Asset Management & Timing Service, Inc. and doing business as Adelmann Financial, Inc. For simplification, we no longer employ a d/b/a. The name of the firm is Adelmann Financial, Inc.

The last update listed an affiliated advisor, primarily for disaster planning. While we have plans in place for disaster recovery, the other firm is not affiliated and so we have reflected that change in this document. Since Jim Worden is not an affiliated advisor, his background information has been eliminated.

Our prior ADV Part 1 and Part 2 contained an inconsistency about whether the firm or its principles and employees transact purchases or redemptions in securities we also recommend to clients. We buy and sell for ourselves securities that we also advise on for clients. Since a conflict of interest arises, this document describes how our procedures and rules mitigate the conflict of interest with our clients.

While we do not receive cash benefits by recommending brokers (TD Ameritrade Institutional Services, Inc., for example), we do receive some economic benefit including a trading platform to assist with placing client trades. We also receive educational resources, such as periodicals and webinars at no cost or at discounted rates. We have research available. These represent a conflict of interest, since we may choose to recommend TD Ameritrade over another broker because of these benefits. This document provides additional detail about how we mitigate this conflict of interest.

The Securities Exchange Commission raised the minimum assets under management required for registration with the Commission to \$100,000,000. For advisory firms under this level of assets, firms must register with the states in which the firm does business. So, our firm is changing its registration status from Federal registration under the SEC to State registration with Colorado and notice filings (if applicable) to each of the states where we advise clients.

Our prior ADV part 1 and Part 2 contained an inconsistency about whether our firm has custody of client assets. The only reason we have custody is because clients may authorize us to debit advisor fees from their accounts. We do not otherwise have custody of client assets. This document describes the rules and procedures we employ to mitigate risks to clients.

In our last ADV Part 2 we answered the question about how reviews are handled. Reviews are not client progress meetings. Reviews refer to the process in place to review the investments on which we advise. This update includes detail about our investment review process.

Compared to our last ADV update, the section on the reports clients receive is more comprehensive, including the reports provided by the custodian of the client assets, as well as reports clients receive from us.

Our last update provided a flat-fee schedule as an alternative to a percentage of assets fee schedule. For this document we have eliminated the flat-fee schedule. Furthermore, we have added the clarification that no client is charged more than 2% of managed assets annually.

For each of the services we provide, we have included descriptions of how clients may obtain a refund of advisor fees in the event of termination of the agreements. This update provides information about how clients may terminate their agreement. This information has been in the client agreement, and is now added here.

In our last update we allowed for compensation for client referrals. Those referring potential clients could choose an item from our referral basket. This can constitute compensation and therefore potentially requiring registering recipients as paid solicitors of the firm. We have decided there are too many conflicts of interest to mitigate. We no longer compensate people for referring clients.

For the Education and Business background, we eliminated the discussion of Russ Adelmann having passed the FINRA Series 7 and 63 tests. Since these tests are required of those who sell securities for a commission, it is no longer relevant to clients who have hired or potentially may hire our firm on a non-commission, fee-only basis.

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Item 4: Advisory Business

Adelmann Financial, Inc. is registered as an investment advisor under the Advisors Act of 1940. (Being registered does not imply a certain level of skill or training.) The firm was incorporated in 1991. The principal owners of the firm are Russell B. Adelmann and Sarah W. Adelmann. Russ joined the firm in 1994 and became president in 1998. There are no intermediate subsidiaries.

INVESTMENT SUPERVISORY SERVICES

We provide you, our clients, with investment supervisory services, which include continuous and regular management of your investment portfolios. We evaluate investments for inclusion in your portfolios. Our advice is tailored to your individual needs. Your individual needs are determined by implementing elements of the financial planning process, defined below. The management of your portfolios reflects your ability to accept risk, balanced with your need for growth and/or income to meet your objectives. We take into account your sensitivity to taxes. You may add to your investments at any time. You may withdraw your investments at any time, subject to market conditions. You have the option to limit or restrict specific securities or types of securities in your account. We owe you the duty and care of a fiduciary as defined by the Securities Exchange Commission or similar state statutes.

The types of securities we evaluate for inclusion in your portfolio generally include, no-load and load-waived mutual funds. (Load-waived mutual funds are funds that can be purchased without a sales charge when normally a sales charge applies.) We provide advice on both actively managed mutual funds and index (passive) mutual funds. We analyze for inclusion in your portfolios exchange-traded funds. In addition we advise on money market funds, certificates of deposit, annuities, municipal bonds and government securities. Generally we do not offer advice on individual stocks.

FINANCIAL PLANNING SERVICES

We provide comprehensive financial planning services. The service may include retirement planning, gifting, estate planning, debt elimination, risk assessment and management, college funding, and budgeting. Financial planning includes six primary elements.

Broadly speaking, they are:

1. Defining goals, needs and objectives
2. Gathering and providing appropriate data
3. Determining the results if no changes are made to the client's course of action
4. Determining recommendations and possible changes to the current course of action
5. Determining implementation responsibilities
6. Determining monitoring responsibilities

Adelmann Financial, Inc. and you mutually agree upon the services to be provided. We shall at all times place your interests ahead of our own. When we provide financial planning or material elements of financial planning, we owe you the duty and care of a fiduciary as defined by the CFP Board. The Code of Ethics is covered under Item 11 of this document. You are not

obligated to contract for FINANCIAL PLANNING SERVICES in order to receive INVESTMENT SUPERVISORY SERVICES.

We do not sponsor a wrap fee program.

As of December 31, 2010 our firm managed \$19,617,953.73 in assets on a discretionary basis and \$4,997,544.04 on a non-discretionary basis.

Item 5: Fees and Compensation

INVESTMENT SUPERVISORY SERVICES

Adelmann Financial, Inc. maintains two money management programs; the MANAGED ACCOUNT PROGRAM and MANAGERS CHOICE™. We are not compensated on a per-transaction basis, nor solely on the time spent with you. We charge an investment advisory fee calculated quarterly as a percentage of the market value of all included assets in your accounts. Included assets means investments that are included under our supervisory responsibilities. Under no condition does Adelmann Financial, Inc. charge more than 2% annualized on your assets under our management. We do not charge more than \$500 more than six months in advance. Nor are advisory fees charged based upon a share of capital gains in client accounts.

MANAGED ACCOUNT PROGRAM:

Advisor fees are charged in advance for the current quarter based on the market value of your asset under management as of the close of the last trading day of the previous quarter. You may elect to have the fees debited from your custodian or be billed directly. Authorization to debit your fee must be in writing. Prior to debiting the fee, we send you a statement showing the calculation of the amount due. We send to your custodian the invoiced amount not less than at the same time. Your custodian independently sends you a statement that includes all amounts dispersed from your account, including the amount of advisory fees. You should carefully compare the statements you receive from your custodian and us. Alternatively, you may elect to be invoiced. All amounts are due within thirty days.

At our discretion, fees may be reduced from the basic fee schedule.

The maximum rates are as follows: (annual rates)

Under \$100,000	2.0%
\$100,000 to \$249,999	1.5%
\$250,000 to \$1,499,999	1.0%
\$1,500,000 to \$2,999,999	0.7%
Over \$3,000,000	0.65%

In addition to the fee we charge, you will incur other charges by third parties. These include fees charged by your custodian of your assets. See Item 12 for a discussion of Brokerage Practices. Generally, we recommend no-load mutual funds and load-waived mutual funds. The internal expenses of the mutual funds or exchange-traded funds are ultimately born by you. Disclosure of these fees is illustrated in each mutual fund prospectus you receive from the custodian. If you

are invested in a variable annuity, there are charges for mortality and risk expenses that are ultimately born by you. Adelman Financial, Inc. does not receive these fees.

MANAGERS CHOICE™:

Manager's Choice Program is a third-party managed mutual fund account program. The minimum amount required to establish an account is \$50,000. Advisor fees for this program are charged in arrears after the end of the quarter based on the market value of your asset under management.

You may elect to have the fees debited from your Managers Choice account or be billed directly. Authorization to debit your fee must be in writing. Debited fees are based on the average daily balance from the prior quarter. Prior to debiting the fee, Managers Choice sends you a statement showing the calculation of the amount due, including your average daily balance, your fee rate, and the fee. Managers Choice sends you statements no less than quarterly that includes all amounts dispersed from your account, including the amount of advisory fees. You should carefully compare the statements you receive from your custodian and us.

Alternatively, you elect to be invoiced directly. Advisor fees are based on the market value of your asset under management as of the close of the last trading day of the quarter. All amounts are due within thirty days.

At our discretion, fees may be reduced from the basic fee schedule.

The maximum rates are as follows: (annual rates)

Under \$100,000	1.25%
\$100,000 to \$999,999	1.00%
Over \$1,000,000	0.70%

In addition to the fee we charge, you will incur other charges by third parties. Manager's Choice does not currently charge custodial fees or transaction fees, but may in the future. Though the mutual funds are no-load, the internal expenses of the mutual fund investments are ultimately born by the client. Disclosure of these costs is listed in each prospectus. Adelman Financial, Inc. does not share in these fees.

Termination

The Investment Advisory Agreement between you and Adelman Financial, Inc. will continue in effect until terminated by either party by written notice to the other. Advisory fees shall be prorated through the date of termination, and any remaining balance shall be charged or refunded to you as appropriate. If the agreement is terminated within five days, you receive a full refund.

FINANCIAL PLANNING SERVICES

Adelman Financial, Inc. charges a flat rate fee for financial planning services. The fee schedule is \$0 to \$3500 in advance of the completion of the work. You agree in advance to the specific fee charged for the services provided. There may be costs incurred for implementing your plan that are charged separately to you. For example, these could include costs for increasing insurance coverage, or additional estate planning by your attorney. You are not obligated to implement any recommended solution with us. You are under no obligation to contract for Financial Planning Services in order to receive Investment Supervisory Services.

Termination

In the event of termination of the financial planning agreement, you will receive a pro-rata refund of all unearned fees based on the percentage of work completed. If the agreement is terminated within five days, you receive a full refund.

Item 6: Performance-based Fees and Side-by-Side Management

We do not charge based on a share of capital gains or capital appreciation. We do not manage accounts that are charged a performance-based fee along side accounts charged an asset-based fee.

Item 7: Types of Clients

We generally provide investment advice to individuals, trusts, conservatorships and pensions.

As a condition for starting and maintaining a managed account, Adelman Financial, Inc. generally imposes a minimum account size of \$100,000. In its sole discretion, we may accept clients under this minimum dollar value of assets based on certain criteria such as anticipated future earnings capacity, anticipated future additional assets, related family accounts, and current clients.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. We review the long-term performance and risk characteristics of various asset classes and aim to balance the risk and rewards of market behavior.

We manage portfolios using a combination of active and passive management styles, based on the belief that while passive (index-based) investment management is effective in some parts of the markets, not all parts of the markets are well suited to the passive approach. In those areas we deem less efficient, we choose managers who have a successful track record in these areas. You understand that the results may range from above to below benchmark indexes based on the skill and selection of these managers.

Modern Portfolio Theory, as recognized by the 1990 Nobel Prize, is the philosophical foundation for how portfolios are structured. The underlying concepts of Modern Portfolio Theory include:

1. Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential returns.
2. Markets are efficient. It is virtually impossible to anticipate the future direction of the market as a whole or of any individual security. It is, therefore, unlikely that any portfolio will succeed in consistently “beating the market”.
3. The design of the portfolio as a whole is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes (stocks, bonds, cash, etc.) will likely have far more influence on long-term portfolio results than the selection of individual securities. Investing for the

long-term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.

4. For a given risk level, an optimal combination of asset classes will maximize returns. Diversification helps reduce investment volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole.
5. Portfolio risk can be decreased by increasing diversification of the portfolio and by lowering the correlation of market behavior among the asset classes selected. (Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another.)

Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has also been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.

Equities offer potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results, including declines in value.

Picking individual securities and timing the purchase or sales of investments in the attempt to “beat the market” are highly unlikely to increase long-term investment returns; they also can significantly increase portfolio operating costs. Such practices are, therefore, to be avoided.

Given these tenants, the underlying approach to managing portfolios is to optimize the risk-return relationship appropriate to your needs and goals. Our strategy is to be diversified globally, employing a variety of asset classes. Mutual funds and exchange-traded funds are used to implement the portfolio, and rebalanced to maintain a more consistent risk/reward profile.

While the discussion above is helpful in so far as managing portfolios is concerned, our greatest emphasis is in managing investor behavior. How investors behave is the dominant characteristic in real life returns. Indeed, it hardly matters if a portfolio is properly constructed if you sell after a steep decline, and buy after a sharp rise. Study after study suggests that investors behave badly. To mitigate this risk, we spend time preparing you for difficult times. We review prior bear markets to gain perspective on the reality of steep losses. We call these “life boat drills”. We focus on the lessons of history so that you are less likely to become surprised and caught off guard by “unexpected” volatility. Even a long-term, goal oriented person can be undermined by the financial media with its laser focus on the latest apocalypse du jour. It is our role to be an antidote to the pervasive pessimism, alternating supreme optimism cycle at war with your best interests. It should scarcely be said that unless you behave correctly, all the financial planning and portfolio management could be for naught.

Discussion of Risk

Investing involves risk of loss that you should be prepared to bear. We cannot assure you of a profit. You could lose money. Accomplishing your financial goals may not occur.

The material risks involved with our strategy include market risk. This refers to the risk of the general market declining in value. Since we employ active managers for some of the mutual fund holdings, there is risk that the manager underperforms his benchmark index. For bond-related holdings, interest rate risk is present. For example, if interest rates rise, normally the net asset value of the bond or bond fund will decline in value. Inflation presents a risk to most financial

assets because it diminishes the future purchasing power of these kinds of assets. As we noted above, we believe investor behavior presents a significant risk. Any of these risks, or others, could prevent you from being able to reach your tangible financial goals. We do not employ significant or unusual risks in our strategy. We do not use short-term trading. We are long-term investors. This means our normal course of action during difficult spells is to ride them out. While we believe having a long-term perspective is vital to our strategy, nobody can guarantee future results.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to your evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

Neither our firm nor any management persons are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

We have no relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person below: Broker-dealer, investment company, other investment advisor, future commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, sponsor or syndicator of limited partnerships.

We do not recommend or select other investment advisors.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Adelmann Financial, Inc. abides by the CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC. Code of Ethics and Professional Responsibility. The Code is summarized below:

The CFP Board adopted the Code of Ethics to establish the highest principles and standards. These Principles are general statements expressing the ethical and professional ideals certificants and registrants are expected to display in their professional activities. As such, the Principles are aspirational in character and provide a source of guidance for CFP® certificants and registered investment advisor representatives. The Principles form the basis of CFP Board's Rules of Conduct, Practice Standards and Disciplinary Rules, and these documents together reflect CFP Board's recognition of certificants' and registrants' responsibilities to the public, clients, colleagues and employers.

Principle 1 – Integrity: Provide professional services with integrity.

Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Certificants are placed in positions of trust by clients, and the ultimate source of that trust is the certificant's personal integrity. Allowance can be made for innocent error and legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles.

Principle 2 – Objectivity: Provide professional services objectively.

Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which a certificant functions, certificants should protect the integrity of their work, maintain objectivity and avoid subordination of their judgment.

Principle 3 – Competence: Maintain the knowledge and skill necessary to provide professional services competently.

Competence means attaining and maintaining an adequate level of knowledge and skill, and application of that knowledge and skill in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Certificants make a continuing commitment to learning and professional improvement.

Principle 4 – Fairness: Be fair and reasonable in all professional relationships. Disclose conflicts of interest.

Fairness requires impartiality, intellectual honesty and disclosure of material conflicts of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated.

Principle 5 – Confidentiality: Protect the confidentiality of all client information.

Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.

Principle 6 – Professionalism: Act in a manner that demonstrates exemplary professional conduct.

Professionalism requires behaving with dignity and courtesy to clients, fellow professionals, and others in business-related activities. Certificants cooperate with fellow certificants to enhance and maintain the profession's public image and improve the quality of services.

Principle 7 – Diligence: Provide professional services diligently.

Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.

The FINANCIAL PLANNING ASSOCIATION Standard of Care requires that all financial planning services will be delivered in accordance with the following standard of care:

Principle 1: Put the client's best interest first

Principle 2: Act with due care and utmost good faith

Principle 3: Do not mislead clients

Principle 4: Provide full and fair disclosure of all material facts

Principle 5: Disclose and fairly manage all material conflicts of interest.

Participation or Interest in Client Transactions

Adelmann Financial, Inc., or the employees of the firm buys or sells for itself securities it also recommends to clients. A fiduciary has a duty of loyalty to clients, which requires that the advisor act for the best interests of the client and always place the client's interests first and foremost. A conflict of interest arises when Adelmann Financial, Inc. transacts purchases or sales of investments that it also recommends to you. To mitigate this conflict, we have implemented the following procedures and rules.

Specifically, our trading policy allows employees or any immediate family member to maintain personal securities accounts provided any such personal investing is consistent with the our fiduciary duty to you. The policy requires that no "covered person" (employee and immediate family member) place securities transactions in any securities that the firm is actively buying or selling or currently considering buying or selling for any client since conflicts of interest arise between your and our employee's interests. Transactions in the following are not restricted by us since the transactions are unlikely to have an appreciable impact on the price of the securities: direct obligations of the United States government, shares of mutual funds, money market funds, certificates of deposit, commercial paper and high quality short-term debt instruments; interest in variable insurance products or variable annuities; and common stocks and exchange-traded funds that trade in sufficiently active markets to not influence the price of the security.

Item 12: Brokerage Practices

If you so elect by indication on the Investment Management Agreement and custody agreement at your brokerage firm, you can give us the authority to determine without obtaining your specific consent, the securities to be bought or sold and the amount of the securities to be bought or sold in your account. The authority granted by you is limited to selecting investments that are in your best interests and consistent with your goals.

We suggest brokers to you. The following describes the factors considered in recommending brokers and determining reasonableness of their commissions.

We have an obligation to obtain "best execution" of your transactions. This means we must execute securities transactions for you in such a manner that your total cost or proceeds in each transaction is the most favorable under the circumstances. We consider the full range and quality of a broker's services in placing brokerage trades including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness to you and us.

The determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution for your account. Though we seek competitive rates, the commissions and/or transaction fees charged by a broker we recommended may be higher than

those charged by other brokers. In this connection, we periodically evaluate the execution performance of the broker-dealer executing your transactions.

Adelmann Financial, Inc. recommends TD Ameritrade Institutional Services (TDA). You are not obligated to use TDA for execution of services; however, if you designate the use of a broker/dealer other than the recommended broker/dealer we may decline to enter into a relationship with you if we believe the use of the designated broker/dealer would inhibit our ability to provide our services to you. TDA does not compensate us with commissions or cash benefits. While we are not paid cash, we receive some economic benefit from TDA in connection with giving advice to clients. TDA makes available to us research on investments. TDA also provides educational resources, including seminars and periodicals to us at no cost or low cost. TDA provides us a trading platform that facilitates our ability to place trades with them that is not available to the general public. The research TDA provides may be used to serve all clients. These represent conflicts of interest since we may recommend TD Ameritrade and not another broker/custodian because of this benefit to us.

Soft Dollar Benefits Disclosure

In the last fiscal year, we did not direct client transactions to TDA in return for product and research services received. We did not acquire products or services with client brokerage commissions (or markups or markdowns) within the last fiscal year.

Brokerage for Client Referrals

The following contains important information about possible conflicts of interest that exist between Adelmann Financial, Inc. and its clients, related to services provided by TD Ameritrade Institutional Services.

TD Ameritrade Institutional Services offers service to independent investment advisors and their clients, which include custody of securities, trade execution, clearance and settlement of transactions ("Institutional Program"). All investment advisors that participate in the Institutional Program are eligible to receive certain economic benefits from TD Ameritrade ("Program Benefits"). These benefits include various technological tools, items and products that assist investment advisors in managing and servicing their clients' account. In addition, TD Ameritrade may provide certain investment advisors with discounts on products or services such as compliance, marketing technology and practice management products or services provided by third-party vendors. These Program Benefits do not depend on the amount of brokerage transactions an investment advisor directs to TD Ameritrade. An investment advisor's receipt of Program Benefits creates potential conflicts of interest between the investment advisor and its clients. For example, the receipt of Program Benefits by an advisor may indirectly influence that advisor's recommendation of TD Ameritrade for custody and brokerage services.

In addition to the Program Benefits, TD Ameritrade offers certain investment advisors the opportunity to participate in the AdvisorDirect program. Through AdvisorDirect, TD Ameritrade refers interested retail customers, prospective customers and other investors to one or more investment advisors participating in the AdvisorDirect program. To be eligible for AdvisorDirect, an investment advisor must meet certain minimum eligibility criteria that are described in the TD Ameritrade AdvisorDirect Disclosure Document. Once an investment advisor meets the minimum eligibility criteria, TD Ameritrade may consider other factors in deciding whether to offer an investment advisor the opportunity to participate in AdvisorDirect. These additional factors include but are not limited to: (1) the number and type of investment advisors in the same region that are participating in AdvisorDirect; (2) the investment advisor's

investment style; (3) the investment advisor's reputation; (4) the investment advisor's ability to successfully enter into investment advisory agreements with referred clients; and (5) the investment advisor's regulatory and disciplinary history.

Certain additional considerations for admittance into AdvisorDirect create potential conflicts of interest between investment advisor interested in participating in AdvisorDirect and their clients. For example, in certain regions of the country, TD Ameritrade may expect that an investment advisor will have a minimum amount of client assets maintained at TD Ameritrade before it will consider including the firm in the AdvisorDirect program. In addition, the amount and profitability to TD Ameritrade of the assets in, trades placed for, and investment advisor's client accounts maintained at TD Ameritrade may be a consideration in determining whether the firm should be selected for AdvisorDirect. Consequently, an investment advisor who is interested in participating in AdvisorDirect may have an incentive both to recommend to clients that their assets under management be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade.

Conflicts of interest exist between an investment advisor and its clients even if the investment advisor has already been selected for inclusion in AdvisorDirect. This is because TD Ameritrade most likely will refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade once selected for AdvisorDirect, an investment advisor may continue to have an incentive both to recommend that clients maintain their assets under management with TD Ameritrade and to place transactions for client accounts with TD Ameritrade.

Furthermore, when a successful referral is made to an advisor through AdvisorDirect, the advisor pays TD Ameritrade certain referral fees. In some instances, TD Ameritrade may waive or reduce these fees based on, among other things, the amount of the advisor's clients' assets held in custody with TD Ameritrade and the securities trading activity of the advisor's clients that are not referred to the advisor through AdvisorDirect. Consequently, in order to obtain AdvisorDirect fee waivers or reductions from TD Ameritrade, an advisor may have an incentive to recommend to its clients that the clients' assets under management with the advisor be held in custody with TD Ameritrade and to place transactions for the client's accounts with TD Ameritrade.

As a fiduciary under applicable law, an investment advisor is obligated to act in the best interests of its clients and to place its clients' interest before its own. Consequently, although the decision as to where to custody their assets is ultimately made by the client, an investment advisor may only recommend to a client that they custody their assets at a financial services firm that is in the best interests of the client. Thus, the possible selection for AdvisorDirect or the receipt of any Program Benefits or Additional Services that benefit the investment advisor and not its clients may not be a consideration in an investment advisor's recommendation of TD Ameritrade.

In the last twelve months, we did not direct any client transactions to a particular broker in return for client referrals.

Directed Brokerage

We routinely recommend that our clients have us execute transactions through TD Ameritrade Institutional Services. Not all advisors require their clients to direct brokerage. We are not affiliated with TD Ameritrade Institutional, nor do we have an economic relationship that creates a conflict of interest with you. See Item 12: Brokerage Practices for a description of the execution of client transactions.

By following our recommendation to use a particular brokerage, you could pay a higher brokerage commission charge or you may receive less favorable prices compared to another brokerage.

We aggregate the purchase or sale of securities for client accounts when we have the opportunity. This can reduce the transaction costs for clients. There is no advantage for no-load and no-transaction fee funds and exchange-traded funds, since clients do not pay a transaction charge.

Item: 13: Review of Accounts

Review of Accounts

Russell B. Adelmann, Chief Investment Officer, principal of Adelmann Financial, Inc. is responsible for the design and implementation and review of your financial strategy.

Reviewing of investments is ongoing. These are factors that we take into account when evaluating investments: the overall cost of the investment such as transaction fees and internal fees, turnover within actively managed mutual funds, tax consequences of the investment decisions, manager tenure, style drift, and performance relative to benchmarks. The following warrants a review of an investment: performance well outside of the range for the benchmark index, a change in management, sanction or investigation, unusually high turnover of assets, or dramatic shift in style. For example, if the lead manager of a mutual fund you own left, this would warrant a review for a potential change to another mutual fund.

The review of your accounts and financial plans occurs in the course of our regular progress meetings we hold with you. Your progress meetings are normally scheduled two to four times per year. The nature of the reviews starts with a review of prior action items. We update your current financial status, and state a synopsis of your overall values and tangible financial goals. We'll measure your progress toward your goals, and set action items in preparation for our next meeting together.

There are factors that trigger a review of your accounts and financial plans, outside of our normal process. If you experience or anticipate an event that could lead to a significant change to your financial situation (a job loss, business loss, or health event, for example), this would be cause for us to evaluate your accounts and plans. If the nature of your obligations changed suddenly (becoming the guardian for some relatives, for example), this would trigger a review.

You receive several reports in the course of your relationship with us. Statements for each account are sent directly from your custodian to you no less than quarterly. The statements include current market values of all holdings, transaction activity during the period, and amounts paid from your account including the debit of advisory fees, if applicable. Your custodian directly sends you statements for tax filings, annual reports, prospectuses, and proxies for the investments held within your accounts.

Separately, we send to you a written quarterly statement calculating our advisor fee and the asset values on which the fee is based. We urge you to compare our statements with those of your custodian. If there is any discrepancy, please bring it to our immediate attention. For clients in our Managers Choice program, if you have your fees deducted from your accounts, the advisor fee calculation is shown on the Managers Choice statement. During progress meetings held with you, we may also provide written performance reports for the accounts we manage on your behalf. For financial planning purposes, you may also receive a statement from us measuring

progress toward your financial goals, statement of net worth, and an income statement. Not all clients will receive all these statements at each meeting. The scope of our engagement and the purpose of the meeting will be the primary determinant of the statements you receive from us.

Item 14: Client Referrals and Other Compensation

Our policy is to not compensate directly or indirectly any person for client referrals.

It is our policy to not accept any sales awards or other prizes in connection with providing you investment advice, as this would create a conflict of interest.

Item 15: Custody

The only reason our firm has custody is because we have the ability to debit our fees from client accounts. The primary risk to you is that the fee could be calculated incorrectly resulting in paying us a higher fee than to what we are entitled under our agreement and fee schedule. For your protection your entire assets are held with an independent custodian. The custodian independently sends written account statements at least quarterly to you. Each statement will show all amounts paid from your account, including all advisory fees. You should carefully compare the statements you receive from us to the ones sent by your custodian. Our firm does not set the value in your accounts; your independent custodian does this. At any time you may elect to pay your fees personally.

Item 16: Investment Discretion

Investment Discretion means you authorize us to determine the securities and the amounts to be bought or sold for your account. You do not give us the authority to determine the broker or dealer to be used for the purchase or sale for your accounts, nor the commission rates to be paid to a broker or dealer. Consistent with our fiduciary duty to you, discretion is limited to investments appropriate for you taking into account your objectives and risk tolerance. The advisor does not have the power to withdraw funds from the account, unless you authorize the debiting of quarterly advisor fees.

Alternatively, by electing to have your assets managed on a non-discretionary basis, you must approve each transaction prior to us placing the order with the custodian of your managed assets. You will be responsible for making all investment decisions, and we will provide you advice in this regard. When you approve of a particular transaction, we will place the trade for you with your custodian.

You must complete the proper third-party trading form for your custodian, giving them the ability to accept our orders for your account. Your custodian independently sends you confirmation statements following every transaction. Your monthly or quarterly statements will also include a transaction history for the prior period.

Item 17: Voting Client Securities

We do not have, nor will we accept, authority to vote your securities. Your custodian will send you all proxies related to your holdings and it will be your responsibility to place your vote. You may contact us at our main number if you have a question about your proxies, but we cannot place your vote for you.

Item 18: Financial Information

We do not require, nor do we solicit prepayment of more than \$500 in fees per client, six months or more in advance. We do not have any financial conditions that are reasonably likely to impair our ability to meet our contractual commitments to you. Neither our firm, nor principles have been the subject of a bankruptcy petition at any time during the past ten years.

Item 19: Requirements for State-Registered Advisers

Mr. Russell B. Adelman is President of Adelman Financial, Inc. Mr. Adelman is the chief investment officer for the firm and is responsible for determining specific advice to be given to clients. Information about Mr. Adelman's formal education and business background is found on Part 2B of Form ADV: Brochure Supplement.

Sarah Adelman is secretary of the corporation and fifty percent shareholder. She has no day-to-day responsibilities in the firm, nor is she active in advising clients.

Neither principle is actively engaged in any other business.

Our firm is not compensated for advisory services with performance-based fees as these may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client.

Neither our firm, nor any management person has been involved on any of the events listed below:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - a. An investment or an investment-related business or activity;
 - b. Fraud, false statement(s), or omissions;
 - c. Theft, embezzlement, or other wrongful taking of property;
 - d. Bribery, forgery, counterfeiting, or extortion; or
 - e. Dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - a. An investment or an investment-related business or activity;
 - b. Fraud, false statement(s), or omissions;
 - c. Theft, embezzlement, or other wrongful taking of property;
 - d. Bribery, forgery, counterfeiting, or extortion; or
 - e. Dishonest, unfair, or unethical practices.

Neither our firm, nor any management person has any relationship or arrangement with any issuer of securities.

Part 2B of Form ADV: Brochure Supplement

Supervised Person:

Russell Brayton Adelman
5540 North Academy Blvd., Suite 250
Colorado Springs, Colorado 80918
(719) 599-7374

Firm:

Adelman Financial, Inc.
5540 North Academy Blvd., Suite 250
Colorado Springs, Colorado 80918
(719) 599-7374

Date of Supplement: January 7, 2011

This brochure supplement provides information about Russell Adelman that supplements the Adelman Financial, Inc. brochure. You should have received a copy of that brochure. Please contact Russell Adelman if you did not receive Adelman Financial, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Russell Adelman is available on the SEC's website at www.adviserinfo.sec.gov

Item 2: Educational Background and Business Experience

Mr. Russell B. Adelman is President of Adelman Financial, Inc. Mr. Adelman is the chief investment officer for the firm and is responsible for determining specific advice to be given to clients. He was born in 1964 and graduated from Hillsdale College in 1987 with a Bachelor of Arts Degree in Business Administration. He began his financial services career in 1991 with regional brokerage firm Kemper Securities, and joined Adelman Financial, Inc. in 1994. Mr. Adelman became President in 1998. Mr. Adelman has satisfied the education, examination, experience and ethics requirements for CFP® certification and is authorized to use the CFP Board's U.S. Certification marks CFP® and Certified Financial Planner™ Professional.

The 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. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

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.

Item 3: Disciplinary Information

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Russell Adelman. He has not been involved in a legal or disciplinary event listed in Items 3.A, 3.B, 3.C, and 3.D

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the *supervised person*

1. was convicted of, or pled guilty or nolo contendere ("no contest") to
 - (a) any *felony*;
 - (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or
 - (c) a conspiracy to commit any of these offenses;
2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.

B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
 - (a) denying, suspending, or revoking the authorization of the *supervised person* to act in an *investment-related* business;
 - (b) barring or suspending the *supervised person's* association with an *investment-related* business;
 - (c) otherwise significantly limiting the *supervised person's investment-related* activities; or
 - (d) imposing a civil money penalty of more than \$2,500 on the *supervised person*.

C. A *self-regulatory organization (SRO) proceeding* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of the *SRO's* rules and was:
 - (i) barred or suspended from membership or from association with other members, or was expelled from membership;
 - (ii) otherwise significantly limited from *investment-related* activities; or
 - (iii) fined more than \$2,500.

D. Any other *proceeding* in which a professional attainment, designation, or license of the

supervised person was revoked or suspended because of a violation of rules relating to professional conduct.

Item 4: Other Business Activities

Russell Adelman is not actively engaged in any other investment-related business or occupation.

Item 5: Additional Compensation

Russell Adelman does not receive from a non-client an economic benefit (such as sales awards) for providing advisory services.

Item 6: Supervision

Russell Adelman, in his role as Chief Compliance Officer, is responsible for supervising the activities of all persons within the firm, including his own activities. Russell Adelman's phone number is (719) 599-7374

Item 7: Requirements for State-Registered Advisors

Russell Adelman has not been involved in any of the following events listed below.

1. An award or otherwise found liable in an arbitration claim alleging damages in excess of \$2,500 involving any of the following:
 - a. An investment or an investment-related business or activity;
 - b. Fraud, false statement(s), or omissions;
 - c. Theft, embezzlement, or other wrongful taking of property;
 - d. Bribery, forgery, counterfeiting, or extortion; or
 - e. Dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrated proceeding involving any of the following:
 - a. An investment or an investment-related business or activity;
 - b. Fraud, false statement(s), or omissions;
 - c. Theft, embezzlement, or other wrongful taking of property;
 - d. Bribery, forgery, counterfeiting, or extortion; or
 - e. Dishonest, unfair, or unethical practices.

Russell Adelman has not been the subject of a bankruptcy petition.

Part 2B of Form ADV: Brochure Supplement

Supervised Person:

Sarah Worden Adelman
5540 North Academy Blvd., Suite 250
Colorado Springs, Colorado 80918
(719) 599-7374

Firm:

Adelman Financial, Inc.
5540 North Academy Blvd., Suite 250
Colorado Springs, Colorado 80918
(719) 599-7374

Date of Supplement: January 7, 2011

This brochure supplement provides information about Sarah Adelman that supplements the Adelman Financial, Inc. brochure. You should have received a copy of that brochure. Please contact Russell Adelman if you did not receive Adelman Financial, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Sarah Adelman is available on the SEC's website at www.adviserinfo.sec.gov

Item 2: Educational Background and Business Experience

Mrs. Sarah Adelman is Secretary of Adelman Financial, Inc. Mrs. Adelman has no day-to-day responsibilities on the firm. She is not responsible for meeting with clients or determining the specific advice given to clients. She was born in 1967 and graduated from Hillsdale College in 1987 with a Bachelor of Arts Degree in English. Apart from her role as Secretary, she has no business experience.

Item 3: Disciplinary Information

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Sarah Adelman. She has not been involved in a legal or disciplinary event listed in Items 3.A, 3.B, 3.C, and 3.D

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the *supervised person*

1. was convicted of, or pled guilty or nolo contendere ("no contest") to
 - (a) any *felony*;
 - (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or
 - (c) a conspiracy to commit any of these offenses;
2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.

B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
 - (a) denying, suspending, or revoking the authorization of the *supervised person* to act in an *investment-related* business;
 - (b) barring or suspending the *supervised person's* association with an *investment-related* business;
 - (c) otherwise significantly limiting the *supervised person's investment-related* activities; or
 - (d) imposing a civil money penalty of more than \$2,500 on the *supervised person*.

C. A *self-regulatory organization (SRO) proceeding* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of the *SRO's* rules and was:

(i) barred or suspended from membership or from association with other members, or was expelled from membership;

(ii) otherwise significantly limited from *investment-related* activities; or

(iii) fined more than \$2,500.

D. Any other *proceeding* in which a professional attainment, designation, or license of the *supervised person* was revoked or suspended because of a violation of rules relating to professional conduct.

Item 4: Other Business Activities

Sarah Adelman is not actively engaged in any other investment-related business or occupation.

Item 5: Additional Compensation

Sarah Adelman does not receive from a non-client an economic benefit (such as sales awards) for providing advisory services.

Item 6: Supervision

Russell Adelman, in his role as Chief Compliance Officer, is responsible for supervising the activities of all persons within the firm, including Sarah Adelman's. Russell Adelman's phone number is (719) 599-7374

Item 7: Requirements for State-Registered Advisors

Sarah Adelman has not been involved in any of the following events listed below.

3. An award or otherwise found liable in an arbitration claim alleging damages in excess of \$2,500 involving any of the following:
 - a. An investment or an investment-related business or activity;
 - b. Fraud, false statement(s), or omissions;
 - c. Theft, embezzlement, or other wrongful taking of property;
 - d. Bribery, forgery, counterfeiting, or extortion; or
 - e. Dishonest, unfair, or unethical practices.
4. An award or otherwise being found liable in a civil, self-regulatory organization, or administrated proceeding involving any of the following:
 - a. An investment or an investment-related business or activity;
 - b. Fraud, false statement(s), or omissions;
 - c. Theft, embezzlement, or other wrongful taking of property;
 - d. Bribery, forgery, counterfeiting, or extortion; or
 - e. Dishonest, unfair, or unethical practices.

Sarah Adelman has not been the subject of a bankruptcy petition.