
Item 1 – Cover Page

Resource 1, Inc

101 West Main St, Ste 370, Norfolk, Va. 23510

757-616-0600

www.R1advisor.com

December 13, 2011

This Brochure provides information about the qualifications and business practices of Resource 1, Inc. If you have any questions about the contents of this Brochure, please contact us at 757-616-0600. 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.

Resource 1, Inc. is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about Resource 1, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated **February 15, 2011** is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC 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. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting **Martha Fowlkes, Office manager** at **757-616-0600** or **Martha@r1advisor.com**. Our Brochure is also available on our web site www.r1advisor.com, also free of charge.

Additional information about **Resource 1, Inc.** is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with **Resource 1, Inc.** who are registered, or are required to be registered, as investment advisor representatives of Resource 1, Inc.

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Item 4 – Advisory Business

Michelle L Hoesly is sole stockholder and President of Resource 1, Inc. and is an Investment Advisor Representative of Resource 1 founded 01/01/2000.

Matthew T. Hoesly is an Investment Advisor Representative of Resource 1, Inc.

Services Provided – You have the choice to select either of the following services:

1 Strategic Asset Allocation

This service is provided to develop and monitor an asset allocation strategy using mutual funds. Asset allocation strategies are customized to the client's risk tolerance, need for liquidity and expected distributions and are not intended to try to time the market. This service utilizes discretionary trading authority.

2 Dynamic Asset Allocation

This service is provided to achieve consistent rates of return that are less volatile than a buy and hold strategy and provide liquidity by preserving the purchasing power of the assets under management. This service strives to avoid declining markets, yet participate in rising markets. Utilization of this service is based on the client's objectives and risk tolerance. This service utilizes discretionary trading authority.

In addition, you may elect to utilize:

Third Party Investment Manager Recommendations and Monitoring

Resource 1, Inc. provides access to outside money managers. This service is intended to make available a diversification of investment style or asset classes. The fees charged by Resource 1, Inc. are in addition to any investment manager fees and custody fees charged by the outside provider. The fees will be based on the scale to include the total amount of money invested by the client through the Strategic, Dynamic and Third Party Systems.

Discretionary Trading Authority

Both the Strategic Asset Allocation service and the Dynamic Asset Allocation service require clients to authorize Resource 1, Inc. to have discretionary trading authority on their accounts. This discretionary authority may be used to purchase and sell mutual funds or ETFs or to liquidate positions moved into the account.

Item 5 – Fees and Compensation

Fee Schedule

Clients with existing accounts on a prior fee schedule have the option of staying on the old fee schedule or switching to this fee schedule. Accounts will be considered for immediate family members on household basis when calculating fees. The same consideration will be made for participants of managed pension plans.

<u>Amount</u>	<u>Annual Fee</u>
<u>Strategic Asset Allocation</u>	
Accounts under \$100,000	1.5%
Accounts \$100,000 up to \$1,000,000	1.0%
Accounts \$1,000,000 and over	.75%

<u>Dynamic Asset Allocation</u>	
Accounts under \$100,000	2.5%
Accounts \$100,000 up to \$1,000,000	2.0%
Accounts \$1,000,000 to \$2,000,000	1.5%
Accounts \$2,000,000 to \$4,000,000	1.25%
Accounts \$4,000,000 +	1.0%

Generally, a minimum account of \$50,000 is required. This minimum can be waived for a short period of time as assets are moved into the service.

Third Party Investment Manager Recommendations and Monitoring

Accounts under \$100,000	Not Available
Accounts \$100,000 up to \$1,000,000	.75%
Accounts \$1,000,000 to \$2,000,000	.50%
Accounts \$2,000,000 to \$4,000,000	.50%
Accounts \$4,000,000 +	.25%

All fees paid to Resource 1, Inc. for advisory services are separate from the fees and expenses charged to shareholders of mutual fund shares by the mutual funds or by the investment advisor managing the portfolios. In addition to our advisory fees, clients could pay 12b-1 advisory fees and/or sales charges to the funds in which they are invested. Some funds charge a short term redemption fee for assets which do not remain in the fund a specified number of days. This short term redemption fee comes out of the trade proceeds and is paid to the fund. Decisions on whether to purchase and whether to hold for the

specified period are made with full knowledge of the effects of the short term redemption fee. All funds are purchased at NAV. If there are any transaction fees for the purchase or sale of a fund under the Strategic or Dynamic Systems, that fee is paid by Resource 1, Inc. The Broker Dealer may charge an annual account fee and/or a custodial fee for accounts, particularly IRA accounts. All charges made by the Broker Dealer are outlined in the Brokerage Account agreement. A complete explanation of expenses charged by each of the mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to read the fund prospectus as well as the Brokerage Account agreement.

Advisory fees will not be based upon a share of capital gains or capital appreciation of the funds of an advisory client.

Fees will be billed on a quarterly basis after the beginning of the new quarterly period. The fee will be based on the closing value as of the end of the previous quarter and are due 30 days after the beginning of the billing period. Clients may elect to remit payment or authorize direct withdrawal of fees from their accounts.

Client should understand that Resource 1, Inc. may require 2-4 weeks to establish an account i.e., review the documents for proper form and to implement computer and other procedural inputs. Delays may occur due to an improper account number, spelling of name or other matters. If a signal is called during the initial processing, a client may or may not be moved into the signaled position and thus possible gains or losses may occur during this period which are different than the signals would have created. When new money is placed in an account, that money may be moved into the market over a period of time or into funds which are different than the model portfolio due to expected holding periods, short term redemption fees or fund closings.

Termination

The Resource 1, Inc. management agreement shall remain in effect until such time as either party to the agreement receives written notice from the other party of his or her desire to cancel the agreement. Nonpayment of fees does not serve as notification of cancellation. Upon cancellation of the agreement, all funds will remain as invested unless otherwise instructed in the written notification of cancellation. In the event of termination, the percentage fee which was unearned will be refundable on a pro-rata basis.

The specific manner in which fees are charged by Resource 1, Inc. is established in a client's written agreement with Resource 1, Inc. Fees are billed on a quarterly basis in advance. Clients may also elect to be billed directly for fees or to authorize Resource 1, Inc. to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Resource 1, Inc.'s fees are exclusive of brokerage commissions and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Resource 1, Inc.'s fee, and Resource 1, Inc. shall not receive any portion of these commissions, fees, and costs.

Item 6 – Performance-Based Fees and Side-By-Side Management

Resource 1, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Resource 1, Inc. provides portfolio management services to individuals, high net worth individuals, corporate accounts, corporate pension and profit-sharing plans, charitable institutions and foundations. The minimum account size is \$50,000.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

Resource 1, Inc. uses technical analysis and charting to evaluate the risk/return potential of each mutual fund investment. Some of the criteria considered are strength of trend, total return, RSI, moving averages, Bollinger bands and candlestick charts. Resource 1, Inc. will attempt to invest in funds where there is perceived return potential relative to the risk.

While most investments are intended to be long term (securities held at least a year), some investments will be intentionally short term purchases to take advantage of what appears to be a market opportunity. Additionally, some long term purchases may be sold within a year due to many factors, including transaction, but not limited to, underperformance by the fund, underperformance by the sector, or changes in the character of the market or investment. Resource 1, Inc. may implement the purchase of funds that short the market in an effort to hedge against other holdings. Resource 1, Inc. does not utilize margin nor option writing, although funds that Resource 1, Inc. invests in may utilize those strategies.

Resource 1, Inc. subscribes to market analysis and publications from many sources, some of which have been Investor's Fast Track, Morningstar Principia Pro and Louise Yamata's Techpoints. In the Dynamic Asset Allocation there is the risk that the market, or sectors of the market will go down and that Resource 1, Inc. will remain invested in funds during that time. There is also the risk that Resource 1, Inc., in an effort to avoid a downtrending market, will sell a position or positions and that the funds would have gone up in value had they been held. Clients should expect that Resource 1, Inc. will not be able to determine in advance a change in market trend, so will likely lag in responding to a change in market character and could miss out on gains when a market bottoms and could experience losses when a market tops. In a choppy market, without a clear trend, Resource 1, Inc. may experience greater trading in an effort to protect principal yet get more fully invested when it appears to begin trending up. This greater trading may not generate positive returns as it may cause whipsaws in investing. Frequent trading can cause investment gains to be taxed as short term capital gains instead of long term capital gains and can thus cause higher taxation. Additionally, some funds charge short term redemption fees if the fund is held for less than a specified period of time (generally 30-90 days). Resource 1, Inc. is always aware of short term trading restrictions and fees and decisions on whether to purchase and whether to hold for the specified period are made with full knowledge of the effects of the short term redemption fee. Individuals liquidating an account or making a withdrawal from their account may experience short term redemption fees. Since Resource 1, Inc. pays the transaction costs, additional trading will not increase cost expense to clients. All funds are purchased at NAV (net asset value, with no front end load.) The Strategic Asset Allocation Service is intended to be strategic, not tactical. That means that Resource 1, Inc. will not recommend or make changes to the portfolio based on an evaluation of market conditions, but will implement an asset allocation strategy agreed to by the client and in alignment with their risk tolerance, time horizon for the investment and need for systematic withdrawals or liquidity. Clients should expect these portfolios to move relative to the market. Third Party Investment Manager recommendations may be utilized to offer a broader diversification of investment strategies. Resource 1, Inc. will monitor the performance of the third party manager. Resource 1, Inc. will not be responsible for nor share in fees to the third party manager or custodian. Resource 1, Inc. will charge a specific fee as outlined in the Client Services agreement.

Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Resource 1, Inc. or

the integrity of Resource 1, Inc.'s management. Resource 1, Inc. has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Michelle L. Hoesly and Matthew T. Hoesly are licensed as independent insurance agents/brokers with various insurance companies and as Registered Representatives of CEROS Financial Services, Inc., a registered broker-dealer, member of FINRA and SIPC, and registered investment advisor. They are in the business of selling insurance and securities products. If you purchase securities or insurance products through us, normal commissions would be received in our separate capacity as a registered representative of CEROS Financial Services, Inc. or as a broker or agent of an insurance company. Thus a conflict may exist between our interests and yours. You are under no obligation to purchase products recommended or to purchase products through CEROS Financial Services, Inc. or any other firm where we are registered.

Under the rules and regulations of FINRA, CEROS Financial Services, Inc. has obligations to maintain records and perform other functions regarding certain aspects of the investment advisory accounts for which we as independent advisor representatives provide investment advice as an independent Registered Investment Advisor, Registered Representative. In certain instances, CEROS Financial Services, Inc., will collect, as paying agent, the transaction fee charges or other similar charges from the activities of Resource 1, Inc. This fee will not increase execution or brokerage charges to the client or increase the fee the client has agreed to pay pursuant to the client's advisory agreement with Resource 1, Inc.

At times the interests of Resource 1, Inc. and its employees' accounts may coincide with the interests of clients' accounts. At no time will Resource 1, Inc. or any employee receive an added benefit or advantage over clients with respect to these transactions. The investment advisor will maintain a record of personal securities transactions and these will be reviewed by Michelle L. Hoesly to determine that the conflicts of interest present in personal securities trading are monitored to protect clients' interests. As required, Section 204A of the Investment Advisers Act of 1940 and similarly applicable state laws will be followed. Resource 1, Inc. will take no action for firm or related accounts, client accounts, or any other person, if the firm is in possession of material, non-public information. This situation will remain in effect until such time that the information is available to the general public. The investment advisor will not permit insider trading.

Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as “12(b)(1) fees”, to CEROS Financial Services, Inc. The receipt of these fees represents an incentive to purchase funds with 12(b)(1) fees over those with no or lower fees. As a registered representative of CEROS Financial Services, Inc. (and insurance agent of other insurance companies) Michelle L. Hoesly and Matthew T. Hoesly are licensed to participate in incentive awards, gifts, gratuities, etc. This receipt is in their separate capacity and is not part of this investment advisory practice.

Resource 1, Inc. may recommend other investment advisors. There could be a conflict of interest between recommending an outside advisor and Resource 1, Inc. managing the money as there is a differential in the fees that go to Resource 1, Inc. Michelle L. Hoesly and Matthew T. Hoesly may attend information and market seminars provided by outside advisor’s or fund companies. This could provide a conflict of interest in choosing or recommending funds or outside advisors. Michelle L. Hoesly’s husband and Matthew T. Hoesly’s uncle is a registered broker with Morgan Stanley Smith Barney. This could create a conflict of interest in recommending an outside broker.

Item 11 – Code of Ethics

Resource 1, Inc. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Resource 1, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Resource 1, Inc. anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause accounts over which Resource 1, Inc. has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Resource1, Inc., its affiliates and/or clients, directly or indirectly, have a position of interest. Resource 1, Inc.’s employees and persons associated with Resource 1, Inc. are required to follow Resource 1, Inc.’s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Resource 1, Inc. and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Resource 1, Inc.’s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and

interests of the employees of Resource 1, Inc. 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. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Resource 1, Inc.'s clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Resource 1, Inc. and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Resource 1, Inc.'s obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Resource 1, Inc. will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Resource 1, Inc.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Martha Fowlkes.

It is Resource 1, Inc.'s policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Resource 1, Inc. will also not cross trade between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

CEROS Financial Services, Inc. was selected as our broker dealer based on excellent service, a broad range of investment choices, good execution and reasonable fees. Resource 1, Inc. is not provided any additional soft dollar benefits through its relationship with CEROS Financial Services.

Michelle L. Hoesly and Matthew T. Hoesly are registered representatives of CEROS Financial Services, Inc. and recommend CEROS Financial Services, Inc. as Custodian whenever possible. In order for clients to use Resource 1, Inc. services, they must either select National Financial Services (NFS) as the platform or Resource 1, Inc. must receive permission from CEROS Financial Services, Inc. for the assets to be custodied on another platform. Clients should, however, evaluate NFS and CEROS Financial Services, Inc. to determine whether the services offered meet their needs.

Item 13 – Review of Accounts

Currently, Resource 1, Inc. has one reviewer. The frequency of review is daily through use of charting, fundamental, technical and cyclical analysis. The use of computer databases, newspapers, magazines, newsletters and other information is also incorporated in the analysis. The reviewer, Michelle L. Hoesly, reviews the information daily and then makes decisions on the position to be taken based on this information. Since Ms. Hoesly is the sole reviewer, no instruction on how the review will be done or the number of accounts assigned is needed. All information sources could be used to trigger a move to a different market position.

A monthly report is generated outlining the performance for each client for the quarter. Reports are in addition to trade confirmations and monthly statements from the custodial broker dealer, CEROS Financial Services, Inc. A portal is provided to the client to access the reports.

Item 14 – Client Referrals and Other Compensation

Resource 1, Inc. does not give any compensation for client referrals, nor does it receive any compensation for referrals.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Resource 1, Inc. urges you to carefully review such statements and compare such official custodial records

to the account statements that may be provided to you. The statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Resource 1, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Resource 1, Inc. observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Resource 1, Inc. in writing.

Item 17 – Voting *Client* Securities

As a matter of firm policy and practice, Resource 1, Inc. does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Resource 1, Inc. may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Resource 1, Inc.'s financial condition. Resource 1, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Michelle L. Hoesly
Year of Birth 1954

Education

University of Wisconsin, Madison, WI 09/1972 to 07/1973
University of West Florida, Pensacola, FL 09/1973 to 07/1974
New Hampshire College, Manchester, NH 1975 to 1977
BS Degree in Business Management 1977
The American College 01/1978 to 10/1984
Chartered Life Underwriter 1981
Chartered Financial Consultant 1982

Master of Science in Financial Services 1984
PhD program at Old Dominion University, Norfolk, VA.

Previous business background (Last 5 years)

Resource 1, Inc., President, 04/01/2007 to Present
Resource One dba for Hoesly, Michelle L., Sole Proprietor, Investment Advisor, 01/01/2000 to 03/31/2007
Capital Resources, owner, dba for insurance activity, pension consulting and services, 1981 to Present
CEROS Financial Services - Registered Investment Advisor - 08/28/2009 - present
Rydex Financial Services - Registered Investment Advisor - 04/01/2005 to 08/28/2009
AXA Advisors, LLC-Registered Representative 06/06/2005 to 03/08/2007
AXA Network, LLC - Agent 06/06/2005 to 03/08/2007
MONY Securities - Registered Representative 5/1977 to 06/05/2005
MONY Life Insurance - Agent 5/1977 to 06/05/2005
Registrant is licensed as an insurance agent and registered representative, offering life and health insurance, pension products and securities.

Matthew T. Hoesly
Year of Birth 1982

Education

St. Norbert College, DePere, WI 08/2000 to 05/2004
BBA Business Administration 2004
The American College 2008 to 2011
CERTIFIED FINANCIAL PLANNER® 2008
Chartered Financial Consultant 2009
Master of Science in Financial Services 2011

Previous business background (Last 5 years)

CEROS Financial Services - Investment Advisor - 08/28/2009 - present
Rydex Financial Services - Investment Advisor - 03/2007 to 08/28/2009
AXA Advisors, LLC-Registered Representative 01/2006 to 03/2007
AXA Network, LLC - Agent 01/2006 to 03/2007
Aflac - Agent 01/2004 to 12/2005
Registrant is licensed as an insurance agent and registered representative, offering life and health insurance, pension products and securities