

***Item 1: Cover Page***

ADV Part 2 Brochure  
date: February 15, 2011

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Chartered Financial Consultant<sup>®</sup>  
Principal

This brochure provides information about the qualifications and business practices of Alpha Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 703.442.7686. 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 Alpha Financial Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Item 2: Material Changes***

There are no material changes to note.

***Item 3: Table of Contents***

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## ***Item 4: Advisory Business***

### ***A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).***

Alpha Financial Advisors, LLC (AFA) is an independent financial advisory firm that represents individuals and offers ongoing life planning advice based on a client's personal and unique goals. Alpha is a holistic financial advisory firm which means we offer all aspects of financial planning.

Our firm differs from traditional stock brokerages in that our independence grants us the ability to provide our clients with financial advice that is purely and simply in the client's best interest. We do not receive any income from the use of 'recommended' investment products, brokerage or mutual funds, or commission-based trades or product sales. Our income is based on a percentage of assets under management which is the method preferred by the most discerning clients and firms and the method endorsed by most consumer and advocate groups.

Hess Financial Services, Ltd. was founded in 1992. After growing the business and assembling an exceptional team of experienced financial professionals, the firm was aptly renamed Alpha Financial Advisors, LLC in December, 2000. The principal owner is Eric D. Hess, CFP™, ChFC®. Eric is a widely respected and trusted member of the financial advisor community. His professional designations and memberships demonstrate Eric is dedicated to the highest level of ethics and to continuing his education. Eric holds a prominent leadership role as the 2011 President of the National Capital Area Financial Planning Association (FPANCA), one of the largest financial planning chapters in the country.

### ***B. Describe the types of advisory services you offer.***

- **Investment Management:** Top ranked stock and bond managers are chosen from our institutional universe of over 10,000 funds. Since Alpha does not use a broker dealer network, our firm is free from the restrictions and conflicts of interest broker dealers encounter which limit or potentially influence investments. Our portfolio management experts oversee investments using the latest technological advances in portfolio research, management and reporting to optimize portfolio performance. This system ensures that clients take minimal risk for the highest level of return. Management of tax reporting is an important part of Alpha's investment management.
- **Retirement Planning:** Alpha helps you achieve your retirement goals and understand complicated retirement and stock option plans.
- **Cash Flow Management:** Alpha is a partner in day to day financial needs. We assess current financial health and show clients where to save. We explain retirement plans and how to derive the most tax efficient income. We help establish goals and how to stay on track to meet those goals.
- **Insurance Counseling:** It is important to know what types of risks might be faced at different stages of life. Over-insuring in one area can leave you underinsured in another. Often, more money is spent on insurance than is necessary. Alpha's expertise saves money and gives confidence that insurance dollars are spent wisely.
- **Estate Planning:** As a partner in planning for the future, Alpha Financial Advisors, LLC works with a client's existing counsel to ensure financial goals compliment estate planning needs.

### ***C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.***

Clients complete a detailed questionnaire detailing their individual needs, goals and attitude toward risk. A client can request a review at any time and/or annually. Alpha Financial Advisors' clients are encouraged to call

or visit at any time to discuss any concerns or issues.

Under certain circumstances clients may impose restrictions when investing in specific securities or types of securities.

***D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.***

Does not apply.

***E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.***

As of February 16, 2011 Alpha Financial Advisors, LLC held a total of \$68,629,822 under management with \$67,601,780 in discretionary accounts and 1,028,042 in non-discretionary accounts.

## ***Item 5: Fees and Compensation***

***A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.***

**Fee Only:** Alpha Financial Advisors, LLC is a fee-only advisory firm. Our income is derived primarily from a percentage of assets under management. In some circumstances an hourly consultative service may be available. Alpha does not receive any income from the use of ‘recommended’ investment products, brokerage or mutual funds, or commission-based trades or product sales. Alpha Financial Advisors is paid directly by the client and we are not influenced by individual investment commissions or other financial incentives to select one product over another. By separating our investment decision making process from any other conflicting influence we are able to provide advice purely in the best interest of our clients. Fees may be negotiated under certain circumstances.

### **Fee Schedule**

<b>Market Value</b>	<b>Annual Fee</b>
Less than \$300,000	1.50%
\$300,000.01 — \$600,000	1.35%
\$600,000.01 — \$1,000,000	1.25%
\$1,000,000.01 — \$3,000,000	1.00%
\$3,000,000.01 — \$5,000,000	0.75%
Greater than \$5,000,000	0.55%

***B. Describe whether you deduct fees from clients’ assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.***

**Fees:** Fees are automatically deducted from the assets in the client’s account. The standard fee structure applies unless mitigating circumstances require customization.

Fees for the program are billed at the end of each quarter (in arrears for the quarter just ended) and are based on the market value of the account at the end of the quarter. Accounts that begin or terminate for any reason within a quarter will be billed on a pro rata basis.

***C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.***

**Other Expenses:** While Alpha Financial Advisors fees are based solely on a percentage of assets under management, clients may incur additional expenses from the use of investment vehicles and custodial services necessary in portfolio management. These fees are unaffiliated with Alpha Financial Advisors and are a structural component of the investment process. An example of this type of expense would be an Operating Expense Ratio (OER) associated with a mutual fund, or a custodial transaction fee levied by the institution that houses the account.

***D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.***

Does not apply. AFA clients do not pay in advance. Accounts that begin or terminate for any reason within a quarter will be billed on a pro rata basis.

***E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact.***

Does not apply. Alpha Financial Advisors does not accept any compensation from the sale of securities or other investment products.

## ***Item 6: Performance-Based Fees and Side-by-Side Management***

***If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.***

Does not apply. Alpha Financial Advisors does not receive any compensation from performance-based or asset based fees, nor do they supervise accounts which are charged hourly fees or flat rates.

## ***Item 7: Types of Clients***

***Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.***

AFA clients consist of individuals, small businesses, sole proprietors and trusts. AFA requires a minimum \$500,000.00 of investable assets to become a client and receive our investment advisory services.

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

***A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.***

- **Analysis:** Alpha Financial Advisors utilizes asset allocation software that optimizes the exact mix and combination of investments, taking the minimum risk for the highest level of return. Funds are monitored on a daily basis with in-depth analysis performed monthly. Alpha sends each client a quarterly report which includes market and portfolio commentaries on the quarter's performance as well as a portfolio summary. A report specific to the client's portfolio clearly demonstrates whether the portfolio is outperforming or underperforming an average portfolio.
- **Investment Strategy:** Alpha Financial Advisors practices a long term investment strategy. All funds are led by well-established, talented teams with proven track records. Funds are chosen based on performance relative to category peers as well as benchmarks. All funds have a minimum three year track record for both risk and return levels.
- **Risk of Loss:** Every effort is made to minimize risk through diversification of asset allocation and constant review and monitoring of approved investment vehicles. Through educational materials, meetings, phone conversations, and quarterly publications, clients are educated in long term investment principles, the importance of diversification, and risk of loss. Given the inherent risks associated with investing, all clients are made aware of the volatile nature of investing through in-depth counseling and educational materials.

***B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.***

Answered above in Item 8: 'Analysis', 'Investment Strategy', and 'Risk of Loss'.

***C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.***

AFA primarily recommends mutual funds led by well-established, talented teams with proven track records. As with any investment, past performance is no guarantee of future results.

## ***Item 9: Disciplinary Information***

***If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.***

Does not apply. Alpha Financial Advisors, LLC has no disciplinary actions against it and has not ever been involved in a disciplinary action of any type.

## ***Item 10: Other Financial Industry Activities and Affiliations***

Does not apply. Alpha Financial Advisors, LLC has no affiliation with other entities.

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

***A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.***

Eric Hess, CFP™, ChFC® is a widely respected and trusted member of the financial advisor community. His professional designations and memberships demonstrate Eric is dedicated to the highest level of ethics and continuing his education. A CFP™ professional abides by a strict code of conduct, known as CFP™ Board's Code of Ethics and Professional Responsibility, which sets forth ethical responsibilities to clients. CFP™ Board also conducts a background check. Through the Code of Ethics, CFP™ practitioners agree to act fairly and diligently when providing financial planning advice and services, and to put the client's interests first. CFP™ practitioners are required to provide clients with their sources of income and conflicts of interest in writing. The Code of Ethics is available on request.

***B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.***

Does not apply. AFA does not have a material financial interest in any security.

***C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.***

Due to the fundamental size and nature of the funds in which we invest, no material conflict of interest exists.

***D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.***

Due to the fundamental size and nature of the funds in which we recommend, no material conflict of interest exists.

### ***Item 12: Brokerage Practices***

***A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).***

Does not apply. Alpha Financial Advisors does not recommend broker-dealers.

### ***Item 13: Review of Accounts***

***A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who***

***conduct the review.***

Funds are monitored on a daily basis with in-depth analysis of client accounts performed monthly by portfolio manager and operations expert, Sam Myer, as well as our principal, Eric Hess CFP™, ChFC®. Clients meet on a regular basis, annually or on request, to review financial plans and discuss any concerns, issues or changed circumstances.

***B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.***

Clients may request a review at any time.

***C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.***

Clients receive a written quarterly report which includes market and portfolio commentaries on the quarter's performance as well as a portfolio summary. AFA also periodically sends letters to inform, educate and stay in touch with clients.

***Item 14: Client Referrals and Other Compensation******A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.***

Does not apply. Alpha Financial Advisors does not receive any economic benefit or compensation from any referral or any other advisory service.

***B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.***

Does not apply. Alpha Financial Advisors does not receive any compensation for client referrals.

***Item 15: Custody***

***If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.***

Our accounts are held by the two largest qualified custodial providers, Fidelity Institutional and Schwab Institutional.

The qualified custodial provider, Fidelity Institutional or Schwab Institutional, issues account statements directly to the client. AFA does not send an additional account statement but quarterly reports are prepared and sent to each client. Clients are encouraged to review account statements and reports and to contact us with any questions.

***Item 16: Investment Discretion***

***If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).***

Alpha Financial Advisors, LLC has discretionary authority over investment assets in order to enable better management of the portfolio. Potential clients meet to review and discuss their specific financial situation and goals. The client is provided with material explaining long term investment practices. When an individual becomes a client, he/she signs an Investment Advisory Agreement (IAA), and an Investment Policy Statement (IPS). The IAA establishes Alpha Financial Advisors as the investment advisor with discretionary trading authority. The IPS is the governing document which establishes the investment parameters for management of the portfolio. Together, these documents establish AFA as the discretionary authority as well as an agreed upon investment strategy and allocation which best suits the client's goals and risk tolerance.

### ***Item 17: Voting Client Securities***

***A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures.***

AFA reviews mutual fund proxies and votes. We maintain records of our proxy votes which are available for client review upon request.

***B. If you do not have authority to vote client securities, disclose this fact.***

Does not apply.

### ***Item 18: Financial Information***

***A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.***

Does not apply. AFA does not solicit payment in advance for any service.

***B. If you have discretionary authority or custody of client funds or secure ties, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.***

Does not apply. There is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

***C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.***

Does not apply. AFA has not been the subject of a bankruptcy petition at any time.

### ***Item 19: Requirements for State-Registered Advisers***

***A. Identify each of your principal executive officers and management persons, and describe their formal education and business background.***

**Managing Director – Eric D. Hess, CFP™, ChFC®**

Eric Hess, CFP™, ChFC®, is a widely respected and trusted member of the financial advisor community. His professional designations and memberships demonstrate he is dedicated to maintaining the highest level of excellence and ethics in his profession. Eric is currently the president of the National Capital Area Financial Planning Association.

Eric was conferred degrees in Business Management and Economics from Eckerd College in 1991. He has worked with hundreds of families in the Washington area. In 1992 Eric founded Hess Financial Services, Ltd. as an independent registered investment advisor. After growing the business and assembling an exceptional team of experienced financial professionals, the firm was aptly renamed Alpha Financial Advisors, LLC in December, 2000.

Eric's ongoing studies have earned him the professional designations of Certified Financial Planner™ and Chartered Financial Consultant®. These two designations are testimony to Eric's comprehensive preparation in the financial planning process, his commitment to continuing education, and his dedication to maintaining the highest ethical standards. Nearly two decades of financial management experience combined with excellent analytical and interpersonal skills give his clients assurance of integrity, insight and reliability.

**Director of Operations – Sam Myer**

Sam's areas of expertise include portfolio management and operations. His responsibilities include portfolio review and analysis, preparation and implementation of client investment plans, ongoing portfolio review and measurement, as well as financial reporting. His other areas of experience include retirement planning and financial planning. Sam received an Executive Certificate in Financial Planning from Georgetown University's Center for Professional Development and is currently a candidate for Certified Financial Planner™ designation.

Sam graduated from James Madison University with a major in English and a minor in Small Business Entrepreneurship. He began his financial services career with a retail mutual fund and insurance sales company. Sam gained experience as an account executive with over a hundred clients during his career with a retail mutual fund and insurance company where he was an NASD registered representative with series 6, 63, 65 investment licenses, as well as life, health and variable annuity insurance licenses in VA, DC and MD. His initial exposure and appreciation for fee only financial advisory services came from one of the regions well known consulting firms where he functioned as the Operations Manager in a Portfolio Management department with \$1.2 billion in assets under management. He has been employed in financial services industry since 1998.

***B. Describe any business in which you are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business.***

Does not apply. AFA is not involved in any other business.

***C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a supervised person are compensated for advisory services with performance-based fees, explain how these fees will be calculated. Disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.***

Does not apply. AFA management persons do not receive compensation from performance-based fees.

***D. If you or a management person has been involved in one of the events listed below, disclose all material facts regarding the event.***

***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;*

Does not apply. AFA has never been found liable in any event described above, or in any other type of arbitration, claim or award.

***E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.***

Does not apply.

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**In summary, Alpha Financial Advisors, LLC welcomes all opportunities to share our long standing commitment to the highest and most stringent ethical business practices. We remain a firm dedicated to offering prudent financial advice with utmost attention to detail and the unique needs of each of our clients.**