

**Firm Brochure  
(Part 2A of Form ADV)**



# Acorn Financial Advisory Services

**ACORN FINANCIAL ADVISORY SERVICES, INC.**

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This Firm Brochure provides information about the qualifications and business practices of ACORN FINANCIAL ADVISORY SERVICES, INC. If you have any questions about the contents of this Firm Brochure, please contact us at: (703) 293-3100, or by email at: ACORN@ACORN-FINANCIAL.COM. The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about ACORN FINANCIAL ADVISORY SERVICES, INC. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Updated March 31, 2011**



## **Material Changes**

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### **Annual Update**

The Material Changes section of this Firm Brochure will be updated annually or whenever material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. This Firm Brochure complies with this SEC requirement.

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### **Full Brochure Available**

If you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (703) 293-3100 or by email at [INFO@ACORN-FINANCIAL.COM](mailto:INFO@ACORN-FINANCIAL.COM).



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# Advisory Business

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## Firm Description

Acorn Financial Advisory Services, Inc. (AFAS) is a Registered Investment Adviser registered with the U.S. Securities and Exchange Commission. AFAS is a Virginia Corporation founded in 1996 whose principal office is located in Fairfax, VA. AFAS has two shareholders with more than 25% direct and indirect ownership. AFAS is affiliated with Acorn Financial Services, Inc., a subsidiary Virginia Corporation.

AFAS provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial challenges, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

AFAS is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. Clients have full discretion to implement advisory recommendations through any Firm. There is no obligation to effect commissionable transactions through the Investment Advisor in their capacity as a securities salesperson. However, should a client wish to use an Investment Advisor of AFAS for implementation services of commissionable holdings, the Firm will recommend The Strategic Financial Alliance, Inc. (SFA) as broker dealer. AFAS does not warrant or represent those commissions for transactions implemented through SFA will be lower than commissions available if the client used another brokerage firm.

Investment advice is an integral part of financial planning. AFAS advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Investment advice is provided, with the client making final decisions on investment selection. AFAS does not act as a custodian of client assets. The client always maintains asset control. Investment Advisors may make specific recommendations pursuant to a financial plan or portfolio. There may be potential conflicts of interest in recommending one investment alternative over another.

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## Principal Owners

Bobby L. Glass, CLU, ChFC, CFP® is a 50% stockholder of AFAS.

James M. Gambaccini, CFP® is a 50% stockholder of AFAS.

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## Types of Agreements

AFAS provides four services through its Investment Advisors under the following service names:

- ❖ Financial planning and analysis
- ❖ Maintenance
- ❖ Portfolio management
- ❖ Portfolio management with turn-key asset allocation: STRUCTURED INVESTING or STRUCTURED INVESTING ADVANTAGE



## **FINANCIAL PLANNING AND ANALYSIS**

AFAS provides Financial Planning and Analysis services to discuss, design, and review specific financial planning issues within a stated time period. This service is focused on advice and consultation in one or more isolated areas of concern, such as estate planning, retirement planning, college planning, or tax planning. The Investment Advisor may also provide specific consultation regarding investments and financial concerns.

Investment Advisors will not render any legal or tax advice in connection with the client's financial plan or consultation. This provision does not apply to those Investment Advisors who are qualified to offer legal and or tax services outside of the planning agreement through a separate entity that is not affiliated with AFAS. In the event a client wishes to retain a qualified Investment Advisor for legal and or tax service outside the scope of the planning agreement, those services must be provided in a separate agreement between the client and Investment Advisor.

An Investment Advisor may present the tax aspects of certain investments or strategies in general terms. Within this context, the Investment Advisor does not provide specific tax advice and recommends that all tax questions or strategies should be discussed with the client's tax professional.

## **MAINTENANCE**

AFAS provides Maintenance Contract services for consultations with an Investment Advisor with a term period of 12 or 24 months. This service establishes an ongoing working relationship between the Investment Advisor and the client to provide regular planning meetings, telephone consultations, emails, participation in educational seminars, articles and information regarding market and economic conditions, and Internet access to investment accounts.

## **PORTFOLIO MANAGEMENT**

AFAS provides Portfolio Management services for clients needing a personalized approach to implementing an individual strategy designed to meet their investment goal and objectives through portfolio monitoring and consolidated quarterly reporting. The Investment Advisor develops and recommends a unique strategy based on their knowledge, experience, and understanding of the client's needs. This individualized approach allows the Investment Advisor and client to work together to achieve the client's investment goals. Additionally, the client is provided regular planning meetings, telephone consultations, emails, participation in educational seminars, articles and information regarding market and economic conditions, and Internet access to investment accounts. AFAS extends maximum latitude to Investment Advisor and client, within this individualized approach as to the method in which the account will be managed. Prior to rendering service, Investment Advisor reviews a client's current investment portfolio, obtains necessary information regarding the client's current and expected financial situation and makes recommendations to clients regarding their portfolios. Additionally, the Investment Advisor will access the client's financial situation, including investment history, goals, and objectives, and special interests or concerns.

## **PORTFOLIO MANAGEMENT WITH TURN KEY ASSET ALLOCATION: STRUCTURED INVESTING or STRUCTURED INVESTING ADVANTAGE**

AFAS uses a third-party money manager, LWI Financial, Inc. ("Loring Ward") to provide a turn-key asset allocation and portfolio reporting service to clients called STRUCTURED INVESTING. The service is based on an investment strategy utilizing information from the client's individual financial circumstance, needs, risk tolerance, and investment objectives to implement an asset allocation plan through the purchase of SA/DFA Funds. The SA Funds and The DFA Funds are a family of no-load mutual funds managed by Dimensional Fund Advisors, Inc. available only through approved Registered Investment Advisers, such as AFAS.

A report is provided for quarterly reports of performance and account holdings, historical performance and transaction data. In addition, a quarterly rebalancing service is implemented to keep portfolios approximate with the clients' target allocation percentages.



The investment strategy uses software tools provided to Investment Advisors for use with their clients to create an Investment Policy Statement (IPS). The personalized IPS is based on information provided by the client including suitability information (income, age, investment net worth, investment objectives, etc.), risk tolerance, time horizon and other investment preferences such as a preference for US-based securities versus foreign securities or early retirement versus later retirement (income replacement). The IPS will provide recommended investment strategy based upon a number of factors including certain of the investor information and a simulation of historic investment results. By changing the input of one or more variables, the Investment Advisor can provide several historic stimulations to help clients determine the investment allocation most appropriate for the client's stated goals.

The client has the opportunity to review and approve such recommended asset allocation program before implementation. The asset allocation program designates specified percentages of assets within several asset classes with the intent of creating a diversified investment portfolio.

A client may alternatively elect to implement their own asset allocation program by specifying alternative investments to be used in conjunction with the SA/DFA Funds using the STRUCTURED INVESTING ADVANTAGE service. In certain circumstances, clients of AFAS may have investments in existing non-AFAS accounts that such clients wish to transfer, without liquidating the investments, to a new or existing STRUCTURED INVESTING ADVANTAGE account. In this case, the Investment Advisor may or may not offer advice on the types of investment being transferred. The Investment Advisor in their own discretion may allow the client to transfer such investments to a STRUCTURED INVESTING ADVANTAGE account and adjust the account's asset allocation program, in whole or in part, to approximate the Investment Advisor's recommendation. The funds and percentages may vary somewhat from the regular asset allocation program, but the strategy and the fee structures are similar.

**Additional Information for STRUCTURED INVESTING and STRUCTURED INVESTING ADVANTAGE services:**

The quarterly rebalancing service requires a pre-authorization agreement to trade the approved mutual funds and any individual securities that may be held in the account, consistent with the asset allocation approved by the client and any investment restrictions requested. Investment Advisors will instruct Loring Ward to rebalance accounts quarterly to within five percent of the allocation in each asset class agreed upon by the client. In the Investment Advisor's sole discretion, they may choose not to rebalance because the funds involved are insufficient economically, additional fees and expenses are anticipated, or there may be other events pending that would impact the decision.

Clients have no obligation to act upon the Investment Advisor's recommendation. If a client elects Investment Advisor's recommendations, the client is under no obligation to effect the transactions through AFAS, SFA, or any of their affiliates or any other company recommended by the Investment Advisor. If a client wishes to implement the plan through AFAS or any of its affiliates, the client will be required to sign an agreement with AFAS, SFA, or affiliated companies as appropriate. The asset allocation services provided by the IPS are limited to use by Investment Advisors who have contracted with Loring Ward.

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## **Tailored Relationships**

AFAS Investment Advisors provides custom portfolio management services for clients needing a personalized approach to implementing an individual strategy designed to meet their investment goal and objectives through portfolio monitoring and consolidated quarterly reporting. The Investment Advisor develops and recommends a unique strategy based on their knowledge, experience, and understanding of the client's needs. This individualized approach allows the Investment Advisor and client to work together to achieve the client's investment goals. Additionally, the client is provided regular planning meetings, telephone consultations, emails, participation in educational seminars, articles and information regarding market and economic conditions, and Internet access to investment accounts. AFAS extends maximum latitude to Investment Advisor and client, within this individualized approach as to the method in which the account will be managed.

A client may alternatively elect to implement their own asset allocation program by specifying alternative investments to be used in conjunction with the SA/DFA Funds using the STRUCTURED INVESTING ADVANTAGE service. In certain



circumstances, clients of AFAS may have investments in existing non-AFAS accounts that such clients wish to transfer, without liquidating the investments, to a new or existing STRUCTURED INVESTING ADVANTAGE account. In this case, the Investment Advisor may or may not offer advice on the types of investment being transferred. The Investment Advisor in their own discretion may allow the client to transfer such investments to a STRUCTURED INVESTING ADVANTAGE account and adjust the account's asset allocation program, in whole or in part, to approximate the Investment Advisor's recommendation. The funds and percentages may vary somewhat from the regular asset allocation program, but the strategy and the fee structures are similar.

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## **Termination of Agreements**

The Financial Planning and Financial Adviser Agreement may be terminated at the client's discretion at any time by giving written notice. AFAS reserves the right to stop work on any account that is more than 90 days overdue. In addition, AFAS reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in AFAS's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 60 days.

The Portfolio Management Agreement may be terminated by the client or the Investment Advisor by providing written notice to the other party. Termination will occur 30 days thereafter. Fees will be billed on a pro-rata basis for the portion of the calendar quarter completed as of the date of termination. The portfolio value as of the last day of the immediately preceding full calendar quarter is used as the basis for the final fee computation, adjusted for the number of days during the current billing quarter prior to termination.

## **Fees and Compensation**

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### **Description**

The initial meeting with an Investment Advisor is free of charge and is considered an exploratory interview to determine the extent to which a financial planning engagement and/or investment management may be beneficial to the prospective client.

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### **Fee Billing**

#### **FINANCIAL PLANNING AND ANALYSIS**

The fee for a Financial Planning and Analysis Contract is predicated upon the facts known at the start of the engagement. The minimum fee is \$1200 but is negotiable and may vary based on the scope of the engagement. AFAS initially charges one-half of the negotiated fee upfront at the time the Financial Planning Agreement is signed, and the balance of the fee is invoiced over the length of the engagement in one or more installments without interest. The Financial Planning and Analysis Contract may be extended beyond the initial time allocated with payment of additional fees only by agreement between the client and the Investment Advisor.

Because facts often come to light at some time after the initial consultation, situations may occur wherein the client is unaware of certain financial exposures or predicaments. In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.



After delivery of a financial plan, future in person meetings may be scheduled as necessary. Follow-up implementation work is billed separately at the rate of \$300 per hour (this rate is subject to change from time to time).

## **MAINTENANCE**

A fixed fee at a minimum of \$1200 annually is billed on a monthly, quarterly, or semi-annual basis. Fees are negotiated with the client dependent on the complexity of the situation, the services provided and experience of the Investment Advisor. The maximum fee an Investment Advisor may charge is a flat fee of \$48,000 per year.

Investment Advisors may bill up to one half of the agreed upon fee in advance with the remainder due paid in installments, but not more than six months in advance of delivery of the plan or consultation.

## **PORTFOLIO MANAGEMENT**

AFAS charges fees for the administration of portfolio management based upon the value of assets, other than STRUCTURED INVESTING investments which are billed on a different fee schedule described under PORTFOLIO MANAGEMENT, held in each account on a negotiated percentage of the market value of such assets under management. The maximum fee to be received by AFAS for certain programs discussed above is 1.5% per annum (0.375% per quarter).

FEE SCHEDULE		Quarterly	Annual
For the first amount from	\$500,000	0.375%	1.50%
For next amount from	\$500,001 - \$1,000,000	0.250%	1.00%
For next amount from	\$1,000,001 - \$5,000,000	0.200%	0.80%
For next amount from	\$5,000,001 - \$10,000,000	0.150%	0.60%
For next amount from	\$10,000,001 - \$20,000,000	0.125%	0.50%
For amounts above	\$20,000,000+	0.100%	0.40%

The client may incur additional brokerage commissions, "ticket charges" and other similar expenses in connection with operating, maintenance and closing of account(s).

## **PORTFOLIO MANAGEMENT WITH TURN KEY ASSET ALLOCATION: STRUCTURED INVESTING or STRUCTURED INVESTING ADVANTAGE**

AFAS charges fees for the asset allocation and portfolio reporting service of STRUCTURED INVESTING accounts based upon the value of assets held in each account on a negotiated percentage of the market value of such assets under management. The maximum fee to be received by AFAS is 1.5% per annum (0.375% per quarter).

STRUCTURED INVESTING FEE SCHEDULE		Quarterly	Annual
For the first amount from	\$500,000	0.375%	1.50%
For next amount from	\$500,001 - \$1,000,000	0.250%	1.00%
For next amount from	\$1,000,001 - \$5,000,000	0.200%	0.80%
For next amount from	\$5,000,001 - \$10,000,000	0.150%	0.60%
For next amount from	\$10,000,001 - \$20,000,000	0.125%	0.50%
For amounts above	\$20,000,000+	0.100%	0.40%

A client may alternatively elect to implement their own asset allocation program by specifying alternative investments to be used in conjunction with the SA/DFA Funds using the STRUCTURED INVESTING ADVANTAGE service. In certain circumstances, clients of AFAS may have investments in existing non-AFAS accounts that such clients wish to transfer, without liquidating the investments, to a new or existing STRUCTURED INVESTING ADVANTAGE account. In this case, the Investment Advisor may or may not offer advice on the types of investment being transferred. The Investment Advisor in their own discretion may allow the client to transfer such investments to a STRUCTURED INVESTING ADVANTAGE account and adjust the account's asset allocation program, in whole or in part, to approximate the



Investment Advisor's recommendation. The funds and percentages may vary somewhat from the regular asset allocation program, but the strategy and the fee structures are similar.

AFAS charges fees for the asset allocation and portfolio reporting service of STRUCTURED INVESTING ADVANTAGE accounts based upon the value of assets held in each account on a negotiated percentage of the market value of such assets under management. The maximum fee to be received by AFAS is 1.5% per annum (0.375% per quarter).

STRUCTURED INVESTING ADVANTAGE FEE SCHEDULE		Quarterly	Annual
For the first amount from	\$500,000	0.375%	1.50%
For next amount from	\$500,001 - \$1,000,000	0.250%	1.00%
For next amount from	\$1,000,001 - \$5,000,000	0.200%	0.80%
For next amount from	\$5,000,001 - \$10,000,000	0.150%	0.60%
For next amount from	\$10,000,001 - \$20,000,000	0.125%	0.50%
For amounts above	\$20,000,000 +	0.100%	0.40%

In addition to the Investment Advisor fee above, Loring Ward charges fees based upon the value of assets held in each account, excluding any SA Funds holding, for the administration of STRUCTURED INVESTING ADVANTAGE accounts, on a percentage of the market value of such assets under management.

LORING WARD ADMINISTRATION FEE SCHEDULE		Annualized Rate
For accounts valued up to	< \$249,999	0.90%
For accounts valued from	\$250,000 - \$499,999	0.85%
For accounts valued from	\$500,000 - \$999,999	0.40%
For accounts valued from	\$1,000,000 - \$1,999,999	0.35%
For accounts valued from	\$2,000,000 - \$4,999,999	0.30%
For accounts valued from	> \$5,000,000	0.25%

(This fee is not applied to assets invested in shares of SA Funds)

STRUCTURED INVESTING and STRUCTURED INVESTING ADVANTAGE services provide a mechanism for collection of investment advisory fees payable to AFAS. Loring Ward receives no fees from AFAS or client for these asset allocation or portfolio reporting services, however Loring Ward receives certain fees and expenses directly from the SA Funds for its services as disclosed in that Fund's prospectus.

The prorated quarterly management or administration fees are due and payable upon execution of the account agreement. Subsequent quarterly fees are computed based upon the market value of assets in the account as of the last business day of the prior calendar quarter and deducted quarterly in advance from the client's account. Additional deposits of funds and or any other securities into the client's account will be subject to the same fees, prorated based on the number of days remaining in the quarter. If during a quarter any assets in a client's account are sold and the proceeds used to purchase shares of one or more SA Funds, Loring Ward will not reimburse any administration fees already charged on those assets for the quarter.

The custodian of the account will provide all clearing, trading, and brokerage services for each account. The client may incur additional brokerage commissions, "ticket charges" and other similar expenses in connection with operating, maintenance and closing of brokerage account(s).

#### **Additional Information about STRUCTURED INVESTING and STRUCTURED INVESTING ADVANTAGE Services:**

The portfolios consist of allocated accounts specifically designated to hold SA Funds in target allocations set upfront for each separate account by the Investment Advisor and client. Additionally, the STRUCTURED INVESTING ADVANTAGE accounts may hold separate investment securities along with the SA Funds, and will be assigned to specific allocation classes and managed as part of an overall allocated account.



A quarterly rebalancing service is designed to assess the change in percentages holdings of each asset class within a portfolio in relation to the total account holdings, and sells assets from the expanded classes (best performing) and purchases assets in the under-performing classes to closely maintain each portfolio to its assigned asset class allocation percentages determined at the initial or a subsequently updated planning stage.

AFAS Investment Advisors provide quarterly rebalancing for client accounts through the STRUCTURED INVESTING and STRUCTURED INVESTING ADVANTAGE services. These services require a pre-authorization agreement in order to trade the SA Funds, other mutual funds, asset-class funds and individual securities that may be held in these accounts, consistent with the asset allocation and any investment restrictions requested by the client.

The Investment Advisor may instruct the money manager to rebalance accounts quarterly to within five percent of the target allocation in each asset class agreed upon by the client. In the Investment Advisor's sole discretion, however, he or she may choose not to rebalance the accounts if the funds involved are insufficient economically, additional fees and expenses are anticipated, or other data suggests that a rebalancing is not advisable.

STRUCTURED INVESTING and STRUCTURED INVESTING ADVANTAGE services provide a mechanism for the collection of investment advisory fees payable to AFAS. Third-party money managers receives no fees from AFAS or the client for these asset allocation or portfolio reporting services; however, Loring Ward does receive certain fees and expenses directly from the SA Funds for its services as disclosed in each fund's prospectus. SA Funds prospectuses are available for download at their website: <http://www.loringward.com> or by contacting them at: (800) 366-7266.

The prorated quarterly advisory service fees or administration fees are due and payable upon execution of the account agreement. Subsequent quarterly fees are computed based upon the market value of assets in the account as of the last business day of the prior calendar quarter and deducted quarterly in advance from the client's account. Any additional deposits of funds and/or any other securities into the client's account will be subject to the same fees, prorated based on the number of days remaining in the calendar quarter. If during a calendar quarter non-SA Fund assets in a client's account are sold and the proceeds used to purchase shares of one or more SA Funds, Loring Ward will not reimburse any administration fees already charged on those assets for the quarter.

Clients have no obligation to act upon the Investment Advisor's recommendations. If a client elects to follow the Investment Advisor's recommendations, the client is under no obligation to implement these recommendations through AFAS, their third-party money managers, SFA or any other company recommended by the Investment Advisor. If a client wishes to implement the plan through AFAS or any of its affiliates, the client will be required to sign an agreement with AFAS, SFA, and/or affiliated companies as appropriate.

The client's custodian will provide all clearing, trading, and brokerage services for each account. The client or the Investment Advisor may incur additional brokerage commissions, "ticket charges" and other similar expenses in connection with the operations, maintenance and closing of brokerage account(s).

### **Additional Information Regarding Commissions**

Investment Advisors may also be Registered Representatives or Registered Principals of The Strategic Financial Alliance, Inc., a broker dealer located in Atlanta, GA. As Registered Representative or Registered Principal, the Investment Advisor may receive commissions for the purchase of mutual funds, direct participation programs, or security transactions on behalf of their clients. Commissions for mutual funds and direct participation programs are generally fixed and included in the purchase price. Commissions on security transactions are based on the exchanges or other applicable commission rates. Some Investment Advisors are also licensed Life and Health Insurance Agents. They may receive commissions on the purchase of insurance products.



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## Other Fees

The custodian of the account will provide all clearing, trading, and brokerage services for each account. The client may incur additional brokerage commissions, "ticket charges" and other similar expenses in connection with operating, maintenance and closing of brokerage account(s).

AFAS, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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## Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services annually. These fees are in addition to the fees paid by the client to AFAS.

Performance figures quoted by mutual fund companies in various publications are after mutual fund fees have been deducted.

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## Termination of Agreements

The Financial Planning Agreement may be terminated at the client's discretion at any time by giving written notice. AFAS reserves the right to stop work on any account that is more than 90 days overdue. In addition, AFAS reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in AFAS's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 60 days.

The Financial Services and Financial Adviser Agreement may be terminated by the client or the Investment Advisor by providing written notice to the other party. Termination will occur 30 days thereafter. Fees will be billed on a pro-rata basis for the portion of the calendar quarter completed as of the date of termination. The portfolio value as of the last day of the immediately preceding full calendar quarter is used as the basis for the final fee computation, adjusted for the number of days during the current billing quarter prior to termination.

## Performance-Based Fees

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## Sharing of Capital Gains

Fees are not based on sharing capital gains or capital appreciation of managed securities. AFAS does not permit performance-based fee structures because of the potential conflicts of interest. Performance-based compensation could create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.



## Types of Clients

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### Description

AFAS generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Client relationships vary in scope and length of service.

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### Account Minimums

AFAS services are detailed in Fees and Compensation. Certain of these programs, including the portfolio management, STRUCTURED INVESTING, and STRUCTURED INVESTING ADVANTAGE, require an initial minimum account asset level, currently \$500,000, which equates to a minimum annual fee of \$7,500. These amounts are subject to negotiation.

Depending upon circumstances where assets values have diminished significantly below account minimums, AFAS may substitute a Financial Planning and Analysis Contract on an hourly basis in place of the Portfolio Management Contract to reduce the cost of maintaining the account. This would only be considered on a temporary basis after discussion with the client.

## Methods of Analysis, Investment Strategies and Risk of Loss

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### Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis. The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

Other sources of information may include Morningstar Principia mutual fund information, Morningstar Principia stock information, Advisor Intelligence, and the World Wide Web.

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### Investment Strategies

Unless otherwise instructed by the client, Investment Advisors will generally create portfolios that are globally diversified to control the risk associated with traditional markets. The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client may execute an IPS that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and covered-call option writing.

The STRUCTURED INVESTING and STRUCTURED INVESTING ADVANTAGE portfolio management programs are based on publicly available research and reports regarding individual securities, securities issuers, investment strategies, and performance of various asset classes. AFAS also uses asset allocation software, which is limited to use by Investment Advisors who have contracted with Loring Ward.



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## Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

**Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power erodes at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as Exchange Rate Risk.

**Reinvestment Risk:** Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies are dependent upon finding oil and then refining it, a lengthy process, prior to generating a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment conditions may be.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its loan obligations in good times and bad before distributing profits. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Disciplinary Information

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### Legal and Disciplinary

Neither AFAS nor any of its Investment Advisors have any legal or disciplinary filings involving current clients. Bobby Glass has had one client allegation that was settled in 2004. See his biographical information for more detail.



## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

Acorn Financial Advisory Services, Inc. (AFAS) is a Registered Investment Adviser registered with the U.S. Securities and Exchange Commission. AFAS is a Virginia Corporation whose principal office is located in Fairfax, VA. AFAS is affiliated with Acorn Financial Services, Inc., a subsidiary Virginia Corporation.

AFAS is not registered as a securities broker-dealer, an account custodian, a futures commission merchant, commodity pool operator or commodity trading advisor.

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### Affiliations

AFAS has arrangements that are material to its advisory and its clients:

**Acorn Financial Services, Inc. (AFS)** is a financial planning firm equally owned by Bobby L. Glass, CLU, ChFC, CFP® and James M. Gambaccini, CFP®. AFS employs administrative personnel and manages other financial advisory professionals in their capacity as Registered Representatives.

**Canto, Rausch, Deck & Company, P. A.** is a full service public accounting firm partially owned by Douglas A. Rausch, CFP®, CPA, CLU, made up of certified public accountants, staff accountants, and administrative staff.

**Heritage Financial, LLC** is a financial planning firm owned by Mark G. Cooke, J. Robert Moon, DMin, MBA, and David K. Morton, III, MBA. The firm employs administrative personnel.

**Rausch Financial** is a financial planning firm owned by Douglas A. Rausch, CFP®, CPA, CLU.

**The Strategic Financial Alliance, Inc. (SFA)** is a registered broker/dealer in Atlanta, GA, member of FINRA/SIPC. The two owners of AFAS are shareholders of SFA. Mr. Glass is licensed as a Registered Principal and serves as the Officer of Supervisory Jurisdiction ("OSJ") in the Fairfax, VA branch office of SFA at 3600 Chain Bridge Road, Fairfax, VA.

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

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### Code of Ethics

It is the policy of AFAS that its Investment Advisors shall at all times place the interest of clients before the interests of any other persons. All personal securities transactions of an Investment Advisor shall be conducted in a manner as to avoid any actual or potential conflicts of interest or any abuse of a position of trust and responsibility or operate as a deceit. AFAS must use responsible diligence and institute procedures reasonably necessary to prevent violations of its Code of Ethics. Clients or prospective clients of AFAS may obtain a copy of AFAS's Code of Ethics without charge by corresponding with the Fairfax, VA office to request a copy.



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## Participation or Interest in Client Transactions

Investment Advisors may buy and sell securities that they also recommend to clients. Assuming similar investment strategies, client transactions are executed first and further measures may be taken to place clients' interest ahead of that of AFAS Investment Advisors. Commensurate with its activities, every Investment Advisor associated with AFAS must submit an initial holdings report within 10 days of the date he or she becomes associated with AFAS. Thereafter, every Investment Advisor associated with AFAS must submit a quarterly holdings report identifying holdings and brokerage accounts maintained in the Investment Advisor's name, any family member, any Trust of which the Investment Advisor or any family member is a Trustee or in which the Investment Advisor may have a beneficial interest.

Investment Advisors conduct periodic reviews of each client's accounts, providing clients with their conclusions regarding the specific courses of action that need to be taken with respect to those accounts. More frequent reviews may also occur but are not necessarily communicated to the client unless immediate changes are recommended.

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## Personal Trading

The Chief Compliance Officer and Registered Principal of AFAS is Bobby Glass, CLU, ChFC, CFP®. He reviews all Investment Advisor trades each calendar quarter. Mr. Glass' trades are reviewed by the Chief Compliance Officer at The Strategic Financial Alliance, Inc. The personal trading reviews ensure that the personal trading of any Investment Advisor does not affect the markets, and that clients of the firm receive preferential treatment ahead of any Investment Advisor.

## Brokerage Practices

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### Brokerage Firm Affiliation

Clients have full discretion to implement advisory recommendations through any Firm. There is no obligation to effect commissionable transactions through the Investment Advisor in their capacity as a securities salesperson. However, should a client wish to use an Investment Advisor of AFAS for implementation services of commissionable holdings, the Firm will recommend The Strategic Financial Alliance, Inc. (SFA) as broker dealer. AFAS does not warrant or represent those commissions for transactions implemented through SFA will be lower than commissions available if the client used another brokerage firm.

As Registered Representatives or Registered Principals, Investment Advisors may receive commissions for the purchase of mutual funds, direct participation programs, or security transactions on behalf of their clients. Commissions for mutual funds and direct participation programs are generally fixed and included in the purchase price. Commissions on security transactions are based on the exchanges or other applicable commission rates. Some Investment Advisors are also licensed Life and Health Insurance Agents. They may receive commissions on the purchase of insurance products.

Investment Advisors acting as Registered Representatives of SFA may recommend clients to invest in a wide range of industries through the purchase of limited partnerships, real estate investment trusts ("REITs"), or other non-traded instruments. These industries include, without limitation, precious metals, real estate, non-trading real estate, investment trusts, alternative fuels, oil and gas, utilities, managed futures, equipment leasing, and tax-credit limited partnerships.



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## **Best Execution**

It is the policy of AFAS that its Investment Advisors shall at all times place the interest of clients before the interests of any other persons. All personal securities transactions of an Investment Advisor shall be conducted in a manner as to avoid any actual or potential conflicts of interest or any abuse of a position of trust and responsibility or operate as a deceit.

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## **Marketing Dollars**

Investment Advisors may recommend that clients purchase one or more funds which are managed and administered by third-party money managers. Investment Advisors could have conflicts of interest in making these recommendations, because Investment Advisors may receive reimbursement of certain marketing expenses from third-party money managers. However, AFAS Investment Advisors are subject to, and intend to comply fully with, standards of fiduciary duty that require them to act in the best interests of the clients when making recommendations.

## **Review of Accounts**

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### **Periodic Reviews**

Investment Advisors review clients' portfolios on a quarterly basis and have meetings with clients in person, by telephone or webcasts on an agreed upon basis, or at least annually. Investment Advisors determine each client's target asset allocation schedule by calculating historical rates of return, investment horizons, and risk tolerances for each client's expressed financial goals. The client should notify the Investment Advisor of any changes in the client's financial situation, needs or investment objectives, or the suitability of the target asset allocation schedule developed for the client.

Transactions in accounts are reviewed on an ongoing basis to ensure they reflect the needs of the client. Investment Advisors also review client portfolios each calendar quarter and reposition assets to bring the actual allocations closer to the stated target allocations, unless the client has requested otherwise. In addition, Investment Advisors conduct interim reviews upon a change in a client's financial situation, needs, or investment objectives, and to ensure the continued suitability of a client's current financial plan or asset allocation.

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### **Review Triggers**

Account reviews may be performed more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and/or changes in a client's own situation. AFAS Investment Advisors periodically ask clients to confirm personal circumstances that could trigger changes in their accounts (marriages, death, divorces, children's needs, etc).

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### **Regular Reports**

Clients receive periodic communications on at least an annual basis. Portfolio Management clients receive written quarterly updates. The written updates may include a comprehensive portfolio analysis of current holdings and a summary of objectives and progress towards meeting those objectives.



## **Client Referrals**

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### **Incoming Referrals**

AFAS has been fortunate to receive many client introductions over the years. The referrals come from clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Other professionals (e.g., lawyers, accountants, real estate agents, insurance agents, etc.) may be engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the event they occur. Neither AFAS, nor its Investment Advisors, receive fees from or share fees with outside professionals working with AFAS clients.

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### **Referrals Out**

AFAS does not accept referral fees or any form of remuneration from other professionals when AFAS refers a prospect or client to them.

Other professionals (e.g., lawyers, accountants, real estate agents, insurance agents, etc.) may be engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the event they occur. Neither AFAS, nor its Investment Advisors, receive fees from or share fees with outside professionals working with AFAS clients.

## **Custody**

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### **Account Statements**

AFAS does not serve as custodian for client funds or securities. All assets are held at qualified custodians that provide account statements directly to clients at their address of record at least quarterly.

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### **Performance Reports**

Portfolio Management clients receive quarterly performance reports from AFAS. The reports may include a comprehensive portfolio analysis of current holdings and a summary of objectives and progress towards meeting those objectives.



## Investment Discretion

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### Discretionary Authority for Trading

AFAS does not accept discretionary authority to manage securities accounts on behalf of clients. All trades are made either by a third-party money manager using a limited trading authority, or based on the client's direct request to the Investment Advisor.

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### Limited Power of Attorney

A limited power of attorney is used with our third-party money managers to buy funds in client accounts and to maintain target allocation percentages set for each account. A client signs a limited power of attorney so that the third-party manager may execute trades on the client's behalf to maintain the client's pre-approved target allocation. The Investment Advisor reviews the portfolio allocations in comparison with the target allocations at least quarterly, and approves any re-balancing that may be necessary to bring the accounts back to the target allocation percentages.

## Voting Client Securities

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### Proxy Votes

AFAS does not vote proxies on securities. Clients are expected to vote their own proxies as received.

When assistance on voting proxies is requested, AFAS will offer information to help the client make his/her best voting decisions. AFAS Investment Advisors do not make specific recommendations for voting proxies. If a conflict of interest exists that would impact AFAS's comments, it will be disclosed to the client.

## Financial Information

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### Financial Condition

As of December 31, 2010, AFAS manages approximately \$130,000,000 in assets for approximately 310 clients.

AFAS does not have any financial impairment that will preclude the firm from meeting contractual commitments to its clients.

AFAS is not required to provide a balance sheet with this Firm Brochure because (1) AFAS does not serve as custodian for client funds or securities, and (2) AFAS does not require clients to prepay fees of more than \$1200 six months or more in advance of services being rendered.



# Business Continuity Plan

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## General

AFAS has a Business Continuity Plan in place that provides detailed steps to mitigate losses incurred due to the loss of office space, communications, services, or key people.

The Plan covers natural disasters including snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters including loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident.

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## Disasters

The Disaster Readiness Plan addresses how AFAS will protect its clients' data and information in the event a disaster occurs. Electronic files are backed up daily and archived offsite.

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## Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is AFAS's intention to contact all clients within five days of a disaster that requires AFAS to move its office to an alternate location.

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## Loss of Key Personnel

AFAS has a signed Business Continuation Agreement between the business owners AFAS in the event of one of the owner's serious disability or death. Additionally, there are other affiliated Investment Advisors that are licensed and qualified to provide professional services to AFAS clients in the event of both owners' serious disability or death.

# Information Security Program

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## Information Security

AFAS maintains an information security program to reduce the risk that a client's personal and confidential information may be breached.

Each Investment Advisor is responsible for the personal client information in his or her possession in physical (paper) and digital format. All offices must keep paper records containing client personal information in locked storage reasonably protected by theft when unattended. All offices have secure external doors, shredders or secure shredder containers, and maintain a "clean desk" policy when unattended.

All computers and external storage devices containing client personal information must be password protected and encrypted, and must be protected by current virus and malware protection, intrusion protection, internet firewalls and other detection programs.



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## Privacy Notice

AFAS is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to it.

The categories of nonpublic information that AFAS collects from its clients may include information about a client's personal finances, information about a client's health to the extent that it is needed for the financial planning process, information about transactions between a client and third parties, and information from consumer reporting agencies, e.g., credit reports. AFAS uses this information to help its clients meet their personal financial goals.

With a client's permission, AFAS discloses limited information to attorneys, accountants, and mortgage lenders with whom the client has an established relationship. With a client's permission, AFAS shares a limited amount of information about its clients with the clients' brokerage firms in order to execute securities transactions on the clients' behalf.

AFAS does not provide a client's personal information to mailing list vendors or solicitors. AFAS requires strict confidentiality in its agreements with unaffiliated third parties that require access to a client's personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review AFAS's company records and a client's personal records as permitted by law.

A client's personally identifiable information will be maintained while he or she is a client, and for the period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

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

## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

AFAS requires that Investment Advisors in its employ have at minimum a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, an MSFS, a CFP®, a CFA, a ChFC, CLU or CPA. Additionally, AFAS Investment Advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

In order to participate in the portfolio management program, Investment Advisors must be properly licensed, have at least five years experience in the financial services industry, or equivalent experience as determined by AFAS.

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### Professional Certifications

Some of the certifications and credentials of our Investment Advisors have earned are explained below:

**Masters of Business Administration (MBA) and Masters of Science in Financial Services (MSFS)** degrees are graduate level courses that are available through several universities and institutions that further focus on the business and financial planning industries.



**Certified Financial Planner (CFP®):** Awarded by the Certified Financial Planner Board of Standards. Available to advisers with three years of experience and a bachelor's degree, or five years of experience with no college. Requires passage of a fairly demanding and broad-based exam, along with 30 hours of additional coursework every two years.

**Chartered Financial Consultant (ChFC):** Issued by The American College, an accreditation and education institution for the financial services industry. Requires 75 hours of coursework and passage of an exam covering issues such as estates, taxes, portfolio management and financial planning. Can take years to obtain; most commonly held by people in the insurance industry.

**Certified Public Accountant (CPA):** Awarded by each state's board of accountancy. Generally requires passage of a rigorous exam demonstrating proficiency in tax and accounting issues, but doesn't indicate any particular proficiency with financial planning or portfolio management. However, CPAs with some planning experience can go for a CFP or apply for a Personal Financial Specialist, or PFS, designation from the American Institute of Certified Public Accountants, if they pass an exam and earn recommendations from clients and colleagues.

**Chartered Life Underwriter (CLU):** A professional designation for individuals who specialize in life insurance and estate planning. The designee must hold a bachelor's degree from an accredited institution or have equivalent education or work experience. Individuals must complete five core courses and three elective courses, and successfully pass all eight two-hour, 100-question examinations in order to receive the designation. Required to have 36 months of acceptable professional work experience in the insurance services industry.

**Certified in Long-Term Care (CLTC):** The Certified in Long-Term Care program is the long-term care insurance industry's only independent professional designation. Created in 1999, the course is focused on the field of long-term care planning and provides legal, accounting, insurance and financial service professionals the critical tools necessary to address the subject matter with their middle-age clients. Students are required to pass a written examination to receive the CLTC designation.

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## **Officers, Directors, and Investment Advisors of AFAS**

### **PRESIDENT, REGISTERED PRINCIPAL, INVESTMENT ADVISOR**

#### **Bobby L. Glass, CLU, ChFC, CFP® (1943)**

Mr. Glass is the President, Treasurer, Chief Executive Officer, and shareholder of AFAS. Mr. Glass has been working as a financial planner since 1970 when he started with Investors Diversified Services, Inc. He built his practice as an independent financial planner with a group of planners that created a regional broker dealer, FMR Securities, Inc., in March 1977. Mr. Glass joined two other planners to create a financial planning firm, Investment Planning Services, and an investment adviser firm, Investment Planning Advisory Services, both located in Fairfax, VA in 1984. Mr. Glass then solely formed his own financial planning and investment advisory companies, Acorn Financial Services, Inc. (AFS), and Acorn Financial Advisory Services, Inc., (AFAS) respectively, both located in Fairfax, VA in September 1996. AFS and AFAS have been co-owned with Mr. Gambaccini since January 2008, and is home to several Investment Advisor Representatives located in Virginia and Maryland.

Mr. Glass is a graduate of the United States Merchant Marine Academy (Kings Point, NY) with a Bachelors of Science in Marine Engineering. He holds Chartered Life Underwriter (CLU) and Chartered Financial Consultant (ChFC) designations from The American College (Bryn Mawr, PA). He earned his CFP® (Certified Financial Planning certificant) from The College for Financial Planning (Denver, CO). Mr. Glass also has a Masters Degree in Financial Sciences (MSFS) from The American College (Bryn Mawr, PA). Mr. Glass currently holds a Series 1, Series 4, Series 40, Series 51, and Series 63 licenses; is registered with FINRA as a General Securities Principal, General Securities Representative, Municipal Fund and Registered Options Principal; and holds a Virginia insurance license.

Other Business Activities: Mr. Glass is President of the Warwick Park Condominium Association in Fairfax, VA where his office building is located. He is compensated \$2500 each year for his official duties. Mr. Glass is a member of the



Finance Committee of the Vale United Methodist Church in Oakton, VA. He receives no financial remuneration for this service. Mr. Glass is licensed as a Life and Health Insurance Agent. He may receive commissions from the sale of insurance products.

Supervision:

Bobby L. Glass is supervised by Alex Sywak, Chief Compliance Officer, The Strategic Financial Alliance (Atlanta, GA). He reviews Mr. Glass' work through office interactions as well as remote interactions. He also reviews Mr. Glass' activities through our client relationship management system.

Alex Sywak's contact information: (678)954-4010 or [asywak@thesfa.net](mailto:asywak@thesfa.net).

Arbitration Claims: Mr. Glass, while an affiliate advisor under AFAS, received an allegation from a client in June 2001 that he failed to set up a customer account as an IRA rollover, resulting in a tax liability to the client. Although the case was settled on January 19, 2004 prior to arbitration in the amount of \$24,000, the account was not qualified to be set up as an IRA rollover account. The amount paid by Mr. Glass was \$2,500. At the time of the client allegation, Mr. Glass' Broker/Dealer was IFG Network Securities, Inc. in Atlanta, GA.

Self-Regulatory Organization or Administrative Proceedings: None

Bankruptcy Petition: None

## **VICE PRESIDENT, INVESTMENT ADVISOR**

### **James M. Gambaccini, CFP® (1974)**

Mr. Gambaccini is the Vice President, Secretary, Chief Financial Officer, Director and shareholder of Acorn Financial Advisory Services, Inc. (AFAS). Prior to joining AFAS, Mr. Gambaccini worked as a Financial Advisor with American Express Financial Advisors. Mr. Gambaccini joined the financial planning firm, Acorn Financial Services, Inc. (AFS) in July 2003, and joined the investment adviser firm, AFAS, in September 2003. Mr. Gambaccini became co-owner of AFS and AFAS and partner with Mr. Glass in January 2008 to present.

Mr. Gambaccini holds a Bachelor of Science degree in Corporate Finance and Financial Services from the University of Akron (Akron, OH) and has received his CFP® certification from The College for Financial Planning (Denver, CO) in 2009. Mr. Gambaccini holds a Series 7 license, a Series 66 license, a Virginia insurance license, and is registered with FINRA as a General Securities Representative.

Other Business Activities: Board of Advisors for LWI Financial Inc. (Loring Ward). He receives no financial remuneration for this service.

Additional Compensation: Mr. Gambaccini is a Registered Representative of The Strategic Financial Alliance, Inc., a broker dealer located in Atlanta, GA. Mr. Gambaccini may receive commissions for the purchase of mutual funds, direct participation programs, or security transactions on behalf of AFAS clients. Commissions for mutual funds and direct participation programs are generally fixed and are included in the purchase price. Commissions on security transactions are based on the exchanges or other applicable commission rates. Mr. Gambaccini is also licensed as a Life and Health Insurance Agent. He may receive commissions from the sale of insurance products.

Supervision:

James M. Gambaccini, CFP® is supervised by Bobby Glass, CLU, ChFC, CFP®. Mr. Glass reviews Mr. Gambaccini's work through frequent office interactions as well as remote interactions. Mr. Glass also reviews Mr. Gambaccini's activities through AFAS's client relationship management system.



Bobby Glass, CLU, ChFC, CFP® contact information: (703) 293-3100 or [bglass@acorn-financial.com](mailto:bglass@acorn-financial.com)

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

## **INVESTMENT ADVISOR**

### **Douglas A. Rausch, CFP®, CPA, CLU (1952)**

Mr. Rausch has been a member of the Acorn Financial Advisory Services, Inc. family since 2004. Mr. Rausch is an owner of Canto, Rausch, Deck & Co., P.A., an accounting firm in Bethesda, MD. Mr. Rausch's Bethesda, MD office is the Maryland branch office of AFAS and is where he meets clients for financial planning and investment advisory services.

Mr. Rausch holds a Bachelor of Science degree in Finance from the University of Iowa (Iowa City, IA). He is a Certified Public Accountant (CPA) with a separate tax practice in Bethesda, MD. Mr. Rausch earned the Chartered Life Underwriter (CLU) designation from The American College (Bryn Mawr, PA) and became a Certified Financial Planner (CFP®) through The College for Financial Planning (Denver, CO). Mr. Rausch holds a Series 7 license, a Series 66 license, a Maryland insurance license, and is registered with FINRA as a General Securities Representative.

Other Business Activities: Mr. Rausch receives fees for professional services rendered in his CPA practice in Bethesda, MD. His tax practice has no affiliation with AFAS.

Additional Compensation: Mr. Rausch is a Registered Representative of The Strategic Financial Alliance, Inc., a broker dealer located in Atlanta, GA. Mr. Rausch may receive commissions for the purchase of mutual funds, direct participation programs, or security transactions on behalf of AFAS clients. Commissions for mutual funds and direct participation programs are generally fixed and are included in the purchase price. Commissions on security transactions are based on the exchanges or other applicable commission rates. Mr. Rausch is also licensed as a Life and Health Insurance Agent. He may receive commissions from the sale of insurance products.

Supervision:

Douglas A. Rausch, CFP®, CPA, CLU is supervised by Bobby Glass, CLU, ChFC, CFP®. Mr. Rausch has his Investment Advisor Representative practice at AFAS's Bethesda, MD branch office location: 6931 Arlington Road, Suite 300, Bethesda, MD 20814. Mr. Glass reviews Mr. Rausch's work through branch office interactions as well as annual audits. He also reviews Mr. Rausch's activities through AFAS's client relationship management system.

Bobby Glass, CLU, ChFC, CFP® contact information: (703) 293-3100 or [bglass@acorn-financial.com](mailto:bglass@acorn-financial.com)

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

## **INVESTMENT ADVISOR**

### **Peter Grose (1963)**



Mr. Grose has been a member of the Acorn Financial Advisory Services, Inc. family since 1996 and Acorn Financial Services since 2010. Prior to joining AFAS, Mr. Grose worked as an Investment Representative with Prudential Securities. Mr. Grose holds a Bachelor of Science degree in Justice – Political Science and Economics from Auburn University (Montgomery, AL).

Mr. Grose has completed the CFP® Certification Professional Education Program with the College for Financial Planning (Denver, CO). He has also completed all the class work requirements for a Masters in Economic, George Mason University (Fairfax, VA). Mr. Grose received a fellowship for a study course in Austrian Economics with the Ludwig von Mises Institute (Montgomery, AL) in 1988. Mr. Grose holds a Series 7 license, a Series 66 license, a Virginia insurance license, and is registered with FINRA as a General Securities Representative.

Other Business Activities: None

Additional Compensation: Mr. Grose is a Registered Representative of The Strategic Financial Alliance, Inc., a broker dealer located in Atlanta, GA. Mr. Grose may receive commissions for the purchase of mutual funds, direct participation programs, or security transactions on behalf of AFAS clients. Commissions for mutual funds and direct participation programs are generally fixed and are included in the purchase price. Commissions on security transactions are based on the exchanges or other applicable commission rates. Mr. Grose is also licensed as a Life and Health Insurance Agent. He may receive commissions from the sale of insurance products.

Supervision:

Peter Grose is supervised by Bobby Glass, CLU, ChFC, CFP®. Mr. Glass reviews Mr. Grose's work through frequent office interactions as well as remote interactions. He also reviews Mr. Grose's activities through AFAS's client relationship management system.

Bobby Glass, CLU, ChFC, CFP® contact information: (703) 293-3100 or [bglass@acorn-financial.com](mailto:bglass@acorn-financial.com)

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

## **INVESTMENT ADVISOR**

### **Mark G. Cooke (1954)**

Mr. Cooke's financial services career started in 2001. He is founder, President and CEO of Heritage Financial LLC, a wealth advisory firm in Gainesville, VA. Mr. Cooke joined Acorn Financial Advisory Services, Inc. as an Investment Advisor Representative in 2011. He currently holds a Series 6, Series 7, Series 63, and Series 65 license and is registered with FINRA as a General Securities Representative.

Mr. Cooke holds a Bachelor of Music from the University of Louisville (Louisville, KY) and a Masters of Church Music in trumpet performance from The Southern Baptist Theological Seminary (Ft. Worth, TX). His music skills have allowed him to play professionally for several military bands, symphonic orchestras and brass quintets. He served over 15 years as an ordained minister overseeing music ministries in churches in West Virginia, Virginia, and Maryland.

Other Business Activities: Mr. Cooke is Wealth Manager and CEO of Heritage Financial, LLC (Gainesville, VA), a financial planning firm that focuses on wealth management.

Additional Compensation: Mr. Cooke is a Registered Representative of The Strategic Financial Alliance, Inc., a broker dealer located in Atlanta, GA. Mr. Cooke may receive commissions for the purchase of mutual funds, direct participation programs, or security transactions on behalf of AFAS clients. Commissions for mutual funds and direct



participation programs are generally fixed and are included in the purchase price. Commissions on security transactions are based on the exchanges or other applicable commission rates. Mr. Cooke is also licensed as a Life and Health Insurance Agent. He may receive commissions from the sale of insurance products.

Supervision:

Mark G. Cooke is supervised by Bobby Glass, CLU, ChFC, CFP®. Mr. Cooke is an Investment Advisor at the Gainesville, VA branch office location: 7001 Heritage Village Plaza, Suite 190, Gainesville, VA 20155. The office contact information is: (703) 754-1233. Fax (703) 754-2122 or [mcooke@heritagefinllc.com](mailto:mcooke@heritagefinllc.com).

Mr. Glass reviews Mr. Cooke's work through branch office interactions as well as annual audits. He also reviews Mr. Cooke's activities through AFAS's client relationship management system.

Bobby Glass, CLU, ChFC, CFP® contact information: (703) 293-3100 or [bglass@acorn-financial.com](mailto:bglass@acorn-financial.com)

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

## **INVESTMENT ADVISOR**

### **J. Robert Moon, DMin, MBA (1949)**

For more than 30 years, Mr. Moon has provided executive leadership to businesses and organizations. Mr. Moon became a member of Heritage Financial, LLC in 2006. Mr. Moon joined Acorn Financial Advisory Services, Inc. as an Investment Advisor Representative in 2011. Mr. Moon is licensed as a Life and Health Insurance agent and currently holds a Series 6, Series 7, Series 63, and Series 65 license and is registered with FINRA as a General Securities Representative.

Mr. Moon's extensive education includes a Bachelor of Arts in Sociology from Georgia Southern University (Statesboro, GA), Master in Divinity from The Southwestern Baptist Theological Seminary (Ft. Worth, TX), a Doctorate in Ministry from The Southern Baptist Theological Seminary (Louisville, KY), and a Master in Business Administration from the University of Colorado (Denver, CO). He served for 16 years as senior pastor of churches in Georgia and South Florida and currently serves as interim or guest pastor in Northern Virginia.

Other Business Activities: Mr. Moon is Wealth Manager and Chief Operating Officer of Heritage Financial, LLC (Gainesville, VA), a financial planning firm that focuses wealth management.

Additional Compensation: Mr. Moon is a Registered Representative of The Strategic Financial Alliance, Inc., a broker dealer located in Atlanta, GA. Mr. Moon may receive commissions for the purchase of mutual funds, direct participation programs, or security transactions on behalf of AFAS clients. Commissions for mutual funds and direct participation programs are generally fixed and are included in the purchase price. Commissions on security transactions are based on the exchanges or other applicable commission rates. Mr. Moon is also licensed as a Life and Health Insurance Agent. He may receive commissions from the sale of insurance products.

Supervision:

J. Robert Moon, DMin, MBA is supervised by Bobby Glass, CLU, ChFC, CFP®. Mr. Moon has his Investment Advisor Representative practice at the Gainesville, VA branch office location: 7001 Heritage Village Plaza, Suite 190, Gainesville, VA 20155. The office contact information is: (703) 754-1233. Fax (703) 754-2122 or [rmoon@heritagefinllc.com](mailto:rmoon@heritagefinllc.com).



Mr. Glass reviews Mr. Moon's work through branch office interactions as well as annual audits. He also reviews Mr. Moon's activities through our client relationship management system.

Bobby Glass, CLU, ChFC, CFP® contact information: (703) 293-3100 or [bglass@acorn-financial.com](mailto:bglass@acorn-financial.com)

Arbitration Claims Pending: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

## **INVESTMENT ADVISOR**

### **David K. Morton, III, MBA (1972)**

Mr. Morton received his Business Administration degree focused on International Finance from American University (Washington, DC). He held management positions at Dow Jones, NBC Internet and Global Securities Information

Mr. Morton's work experience - analyzing and reporting on publicly traded companies, as well as building an online financial news start-up enterprise that was eventually acquired - led him to seek a career in financial services. Mr. Morton became a member of Heritage Financial, LLC in 2006. Mr. Morton joined Acorn Financial Advisory Services, Inc. as an Investment Advisor Representative in 2011.

Mr. Morton currently holds a Series 6, Series 63, and a Series 65 license; is registered with FINRA as an Investment Company Products/Variable Life Contracts Representative.

He has completed The Corporation for Long-Term Care certification course earning a CLTC designation.

Other Business Activities: Mr. Morton is Wealth Manager and Chief Financial Officer of Heritage Financial, LLC (Gainesville, VA), a financial planning firm that focuses on wealth management.

Additional Compensation: Mr. Morton is a Registered Representative of The Strategic Financial Alliance, Inc., a broker dealer located in Atlanta, GA. Mr. Morton may receive commissions for the purchase of mutual funds, direct participation programs, or security transactions on behalf of AFAS clients. Commissions for mutual funds and direct participation programs are generally fixed and are included in the purchase price. Commissions on security transactions are based on the exchanges or other applicable commission rates. Mr. Morton is also licensed as a Life and Health Insurance Agent. He may receive commissions from the sale of insurance products.

Supervision:

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Mr. Glass reviews Mr. Morton's work through branch office interactions as well as annual audits. He also reviews Mr. Morton's activities through AFAS's client relationship management system.

Bobby Glass, CLU, ChFC, CFP® contact information: (703) 293-3100 or [bglass@acorn-financial.com](mailto:bglass@acorn-financial.com)

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None