

## BEACON FINANCIAL ADVISERS, INC.

### CORPORATE HEADQUARTERS

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### THE BEACON QUALIFIED RETIREMENT PLAN PROGRAM

This brochure provides information about the qualifications and business practices of Beacon Financial Advisers, Inc. ("Beacon"), a fee-only investment advisory firm. If you have any questions about the contents of this brochure, please contact Norris Edmonson via telephone at 678-750-1700 or via email at [Norris@beaconfa.net](mailto:Norris@beaconfa.net).

A separate Form ADV, Part II is provided for The Beacon Wealth Management and Asset Management Programs, our core programs for household and individual clients.

Additional SEC disclosures can be found in Part I of Form ADV by visiting the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and searching using a firm's unique CRD number. Beacon's CRD number is 125085.

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.

This brochure was updated on January 6, 2011.

Thank you-

Norris G. Edmonson, CPA, PFS, Chief Compliance Officer, Beacon Financial Advisers, Inc.

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**MATERIAL CHANGES FROM OUR LAST SEC DISCLOSURE FILING**

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Since our last disclosure filing on March 10, 2010, the following material changes have occurred:

- Our Form ADV, Part II has been divided into two separate Forms ADV, Part II:
  - The Beacon Qualified Retirement Plan Program, as set forth in this Form ADV, Part II, is our core client program for our Qualified Retirement Plan sponsors and participants.
  - The Beacon Wealth Management Program, as set forth in a separate brochure, is our core client program for our household and individual clients.

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**ABOUT BEACON FINANCIAL ADVISERS, INC.**

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**HISTORY**

Born from a long and successful career as a Certified Public Accountant, Norris G. Edmonson desired for his clients to receive objective and actionable investment and financial planning guidance. As a result, Beacon Financial Advisers, Inc. was started in 1997 to fulfill this important client need. In order to better meet the needs of his clients, Norris merged his CPA practice with that of Jones & McKnight, P.C. to form Jones, McKnight, & Edmonson, P.C. That entity and Beacon are brother/sister organizations with identical ownership. Since our inception, Norris and the employees of Beacon have devoted their efforts toward the goal of providing a high level of personal and fiduciary service to their clients. Beacon proudly adheres to the fiduciary principal that client's best interests should be foremost at all times. As a member of The National Association of Personal Financial Advisors (NAPFA<sup>™</sup>), Beacon signed and adheres to the NAPFA Fiduciary Oath<sup>™</sup>. The oath states the following:

*"The advisor shall exercise his/ her best efforts to act in good faith and in the best interests of the client. The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality of independence of the advisor.*

*The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent of any client's purchase of sales of a financial product. The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business (NAPFA)."*

**MANAGEMENT**

The principals of Beacon Financial Advisers, Inc. are Norris G. Edmonson, CPA, PFS, Jeffery G. McKnight, JD, CPA, Michael P. Jones, CPA, and Stanley E. Lunsford, CPA. The members of the Executive Committee are Norris G. Edmonson and Jeffrey G. McKnight. The purpose of the Executive Committee is to undertake and facilitate the major strategic and administrative decisions with respect to Beacon. Norris G. Edmonson is the sole member of the Investment Committee. The Investment Committee is tasked with developing the investment strategy of the firm and reviewing particular investments. The Investment Committee also reviews custodial and other business related arrangements.

**ASSETS UNDER ADVISEMENT**

As of January 6, 2011, the total amount of client assets under our advisement is approximately \$49,000,000.00. This total is different from the assets under management presented in Part 1 in that the assets under advisement include those assets held in Qualified Retirement Plans that are not invested in one of our managed models. Instead those assets are invested in individual mutual funds selected by the Qualified Retirement Plan participants individually. This total also includes the assets of current and former Beacon employees and their families. All of the assets under our advisement are held by approximately 109 households. A household is defined as a group of closely related clients which may include a sole individual, a family including a spouse and children, or a defined

contribution plan where the client is also the plan sponsor. Of the 109 households, our current and former employees account for 9 households. Of the \$49,000,000 in client assets, \$42,700,000.00 is on a discretionary basis. The remaining \$6,300,000 represents the non-managed Qualified Retirement Plan assets and are non-discretionary.

The following section describes our:

- Advisory business
- The program we offer
- The services included within our program
- How our program is tailored to meet your needs

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## OUR SERVICES

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*The Beacon Qualified Retirement Plan Program:* The Beacon Qualified Retirement Plan Program is our core program for retirement plan sponsors and participants and is generally available to all Qualified Retirement Plan clients. Our experience with Qualified Retirement Plans is vast as we have served not only as the financial advisor to various retirement plans but our ownership and management have also served as a third party administrator to Qualified Retirement Plans as a part of Jones, McKnight & Edmonson, P.C. Although JME no longer performs third party administrator services, the knowledge gained from that body of work affords us the ability to help retirement plan sponsors navigate the ever changing world of Qualified Retirement Plans and to provide actionable fiduciary guidance beyond just investment guidance.

The program begins with our analysis of the current retirement plan structure, custodian, third party administrator, daily record keeper, investments, managed investment models, and fees. The analysis is designed to determine if we are able to add value to the plan and what areas, if any, may be deficient from both a regulatory perspective and from a financial advisory perspective. We do not charge for our analysis of the current Qualified Retirement Plan nor do we charge for any proposal we make to you. Once the analysis is complete and if you enter the Beacon Qualified Retirement Plan Program, the following services will be provided:

- *Fiduciary Status:* We will acknowledge our status as a fiduciary of the plan and the responsibilities that arise as a result of that acknowledgement.
- *Plan Structure:* We will assist you in evaluating your current plan's structure to determine if a change in the design of the plan (i.e. moving from a Profit Sharing Plan to a 401(k) or changing the employer contribution from a straight compensation allocation to an age-weighted or cross-tested allocation) better suits the needs of your plan's participants. We will facilitate any changes with the appropriate parties including the third-party administrator, record keeper, and custodian as well as facilitating the execution of the required plan document amendments or new plan documents. We will also assist you with determining the appropriate safe harbor provisions and will also advise you on default options including auto-enrollment and default investment selections.
- *Investment Committee:* We will assist you in the establishment of the Investment Committee and will also serve as the financial advisor to the Investment

Committee. The Investment Committee is charged with the fiduciary responsibility of the prudent management of the investment portfolio, selecting and retaining professional advisors to the portfolio including investment managers, investment consultants, custodians, attorneys, and clerical staff, and the establishment, execution, and interpretation of an Investment Policy Statement for the portfolio. We will assist the Investment Committee in effectively and efficiently meeting the committee's responsibilities and fulfilling its fiduciary duty to the plan. We will assist the Investment Committee with their review of service providers including the third-party administrator, daily record keeper, and custodian to ensure that their services, along with ours, remain competitive to alternatives that are available to you.

- *Investment Policy Statement:* We will assist the Investment Committee with the establishment, execution, and interpretation of the Investment Policy Statement. The Investment Policy Statement serves as a guide to assist the Investment Committee in effectively supervising, monitoring, and evaluating the investment of the plan's assets. The Investment Policy Statement will be reviewed at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving those objectives. However, the Investment Policy Statement is not expected to vary much from year to year and the IPS will not be updated to account for short term changes in market conditions or the economic environment.
- *Investment Selection, Monitoring, and Fund Changes:* As the financial advisor to the Qualified Retirement Plan, we will assist the Investment Committee in selecting the non-managed investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, money market funds, and Qualified Default Investment Arrangements ('QDIA') that may be retained or replaced. We will also monitor the current non-managed investment line up including the investment's risk-adjusted performance, performance compared to an applicable benchmark index, fees, management changes, style and fundamental investment strategy changes, and fund composition to determine if an investment no longer meets the criterion defined in the Investment Policy Statement. If the Investment Committee determines that a fund no longer meets the IPS criterion, we will advise the Investment Committee on possible alternatives and assist in the selection of a replacement investment.
- *Beacon Managed Models:* We offer two sets of managed models that we create, monitor, and rebalance. One set of managed models will consist of 5 Lifestyle Models (i.e. Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and the other set will consist of 5 Lifecycle Models (i.e. Lifecycle 2010, Lifecycle 2020, Lifecycle 2030, Lifecycle 2040, and Lifecycle 2050). The Lifestyle Models are designed to maintain a certain level of risk for the duration of the model. The Lifecycle Models are designed to become more conservative throughout the passage of time. The Lifecycle Models are designed for the average investor's risk tolerance with the date corresponding to the year closest to the year in which the participant turns age 65. Because the risk profile of each Lifecycle Model is pegged to the average investor's risk tolerance, a participant with greater or less risk aversion than the average investor may choose to select a Lifecycle Model that is closer to or further away from the year closest to the date that the participant turns age 65. New Lifecycle Models will be added as

appropriate and the most conservative models will ultimately reach a point where the risk level remains constant.

- *Participant Meetings:* We will conduct Qualified Retirement Plan participant meetings when a change is made either to the structure of the plan or if the investment line up changes as a result of the decisions of the Investment Committee. We will detail the changes being made, how it affects the current participants, review the current investment opportunities, review the managed models, how participants may make changes to their investment selections, and will answer any and all questions a participant may have. We will review with the participants how to select the appropriate managed model and the assumptions inherent in each model along with the non-managed investment line up. In addition and from time to time, we will hold investment or financial planning education sessions with participants.
- *Liaison with Service Providers:* We will serve as a liaison between the plan and the service providers including the third-party administrator, daily record keeper, and the custodian. We will facilitate effective communications between all parties to ensure that all service providers are on the same page. As the liaison, we will assist you with any compliance or regulatory issues that may arise including, but not limited to, compliance testing and testing failures, 5500 issues, vesting, eligibility, participant balances issues, and loans and distributions.
- *Reporting:* We will send, on a quarterly basis, a performance report detailing the overall performance of the plan's assets and a detailed list of the investment holdings.
- *Participant Consultation:* We will consult with the participants of the Qualified Retirement Plans in the Beacon Qualified Retirement Plan Program. As a part of the consultation, we will review with the individual participants their risk tolerance, review their investment options including the self-selected investment opportunities as well as the managed models, explain the assumptions made within each investment set, the QDIA, and assist the participant in selecting the investment or investments that attempt to balance the participant's risk tolerance with their age, goals, and career plans.

You have the right to terminate your advisory agreement with us at any time upon written notice 30 days in advance. For advisory fees billed in advance, any pre-paid advisory fees will be prorated to the effective date of termination and any unearned advisory fees will be promptly returned to you. Please review the Fees and Compensation section of this brochure for a discussion about fees.

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#### FEES AND COMPENSATION

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We are a fee-only investment adviser. 100% of our revenue comes from our clients. Our negotiable fee is calculated based on the total assets in the plan. The fee is not dependent upon nor affected by the investment choices made by each participant. The fee will be the same if all participants select one of our managed models or if each participant selects their own combination of the individual investments available to them within the plan. Please see our fee schedule below detailing our fee for plans in the Beacon Qualified Retirement Plan Program.

**PLANS WITH \$5,000,000.00 OR LESS IN TOTAL ASSETS**

| Annual<br>Percentage | Assets Under Beacon's Management |                |                                   |
|----------------------|----------------------------------|----------------|-----------------------------------|
| 1.00%                | of                               | First          | \$2,000,000.00                    |
| 0.75%                | of                               | Amount Between | \$2,000,000.00 and \$5,000,000.00 |

**PLANS WITH \$5,000,000.00 OR MORE IN TOTAL ASSETS**

| Annual<br>Percentage | Assets Under Beacon's Management |                |                                     |
|----------------------|----------------------------------|----------------|-------------------------------------|
| 0.75%                | of                               | First          | \$5,000,000.00                      |
| 0.50%                | of                               | Amount Between | \$5,000,000.00 and \$7,000,000.00   |
| 0.25%                | of                               | Amount Between | \$7,000,000.00 and \$10,000,000.00  |
| 0.15%                | of                               | Amount Between | \$10,000,000.00 and \$25,000,000.00 |
| 0.10%                | of                               | Amount Between | \$25,000,000.00 and \$50,000,000.00 |

For plans with greater than \$50,000,000.00 in assets, our fee will be negotiated directly with the plan sponsor.

We collect our Qualified Retirement Plan Program fee in advance and on a quarterly basis. We calculate the fee based on the market value of the plan's total assets on the last day of the previous calendar quarter as determined in good faith by us and based upon valuations received from independent pricing sources including Charles Schwab & Co, Inc. and Matrix Settlement and Clearance Services.

You have the option of paying the fee either by check or by having the fee drafted from the plan's trust. All accounts under our advisement are held by independent, third party custodians including Charles Schwab & Co, Inc. and Matrix Settlement and Clearance Services. If you desire to have the fee drafted from the trust, you must provide us with the authorization to have the custodian draft the fee from the plan's trust. We will provide to you a statement detailing the total fee, the total value of the account on which the fee was based, and the method by which the fee was calculated. You should verify the accuracy of the fee charged, verify the correct amount was debited from the plan's trust by comparing the fee to that shown on your custodial statement, and report any discrepancies immediately to us. We do not participate in any wrap fee programs or side agreements nor do we charge performance-based fees or receive any commissions or 12b-1 fees from any mutual fund, Investment Company, custodian, or any other relationship. If you terminate your relationship with us, the fee will be prorated to the termination date of the relationship (30 days after notification of termination) with the unearned fee being promptly refunded to you.

We are highly focused on keeping all fees as low as possible. However, there are fees outside of our fee that you will be subject to based on the other services providers selected by you. We closely monitor all fees incurred by you in order to keep your costs to a reasonable amount and to ensure that our services remain competitive relative to potential

alternatives available to you. All fees discussed in the following sections are independent from the fee we charged for our services. All clients can investment in stocks, bonds, mutual fund, exchange traded funds, and other various securities themselves without our services. We believe our fee is fair with respect to the level of service and independent, actionable guidance you will receive as a result of your engagement with our firm. We believe our services help plan sponsors and plan fiduciaries meet their fiduciary duty to the plan and its participants.

In addition to our fee, you may be required to pay other charges including but not limited to:

- Mutual and exchange traded fund fees
- Custodial fees
- Service provider fees
- Third-party fees

*Mutual and Exchange Traded Funds:* Mutual and exchanged traded funds charge fees that cover, amongst other things, portfolio and general management expenses, administrative expenses, and commissions and advertising costs (12b-1 fees). These ongoing fees, excluding sales charges and commissions, charged by a mutual fund are represented by their expense ratio and are detailed in the prospectus of each mutual or exchange traded fund. The expense ratio for each mutual fund is readily available from various third party research sources including Charles Schwab & Co. and Morningstar and also directly from the mutual fund company. These ongoing fees as well as 12b-1 fees are deducted internally from the assets of the mutual fund thus they are paid indirectly by the investor.

Mutual and exchange traded funds may also charge a sales load for purchasing or selling the fund as well as redemption fees. Sales loads are fees charged by the mutual fund company to compensate brokers or other sales persons for selling a particular fund and are paid directly by the investor either at the time of purchase or at the time of redemption. We do not purchase nor recommend any fund with a sales load nor do we receive any commissions for the funds we recommend. All funds we recommended are either no-load or load-waived funds. Mutual and exchange traded funds may also charge redemption fees. Redemption fees are typically charged when an investor sells the fund prior to a predetermined holding period, usually measured in days. Holding periods typically range from 30 to 180 days but can be longer or shorter as determined by the fund company. A redemption fee is not a sales load but is a fee paid directly to the fund company when an investor sells its shares to help defray the costs incurred by the fund company. These fees are paid directly by the investor and are deducted from the redemption proceeds. We attempt to avoid funds with redemption fees. However, in evaluating mutual fund opportunities, we may recommend a fund with a redemption fee. In situations where a redemption fee exists, we will review that information with the plan's participants at the participant meetings so that each participant has an understanding of the fees charged and how it may impact their holdings.

*Custodial Fees:* You will incur fees charged by the custodian where the plan's assets are held. These fees are independent of our management fee. We do not receive any portion of the fees discussed in this section. All of the fees are charged by and paid to the custodian by the plan. For Qualified Retirement Plans, the fees charged by a custodian can vary based on the size of the plan and its placement within the custodian's corporate structure. Generally, the custodian's fee is calculated based on the plan's total assets. These custodial fees generally

range from 4 basis points to 10 basis points and are paid either on a quarterly or an annual basis. Custodians may also charge a base fee which is added to the asset based fee. These base fees can range from \$0 to \$500.

Custodians may also charge transaction fees when executing trades for the Qualified Retirement Plans. The transaction fees can range from \$0 to \$49.95 per trade. We do not recommend any fund for which a transaction fee will be charged and we verify with the custodian and TPA that the funds we recommend do not trade with a transaction fee. Because of the high volume of trades that may occur within a Qualified Retirement Plan, transaction fees could become significant if a transaction fee investment were to be included in the plan.

*Service Provider Fees:* You will incur fees related to your use of outside service providers including third-party administrators and daily record keepers. The fee schedule for each outside service provider varies dramatically from service provider to service provider. The service provider's fees will also vary from plan to plan as each plan's structure and characteristics are different from the next. We currently have a relationship with 3 third-party administrators/daily record keepers.

*Third-Party Fees:* You may incur fees related to the services provided by outside third parties that we recommend. Fees incurred for services provided by outside, unrelated third parties are not covered or paid for by our fee. It is important to note that we do not receive any form of compensation for recommending an unrelated third party nor do we have any fee sharing or side agreements with any of the third parties we recommend. We are not licensed as insurance sales persons nor are we in the process of becoming licensed to sell insurance.

As a part of the services provided by the Beacon Qualified Retirement Plan Program, we review the fees of service providers and the transparency of their fees. We will assist the Investment Committee with a review of service providers including the third-party administrator, daily record keeper, and custodian to ensure that their services, along with ours, remain competitive to alternatives that are available. Because we are a fee-only advisory firm, fee transparency from all parties is one of the most important aspects of our service.

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## CLIENTS

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We maintain relationships with a variety of client types including individuals, high net worth individuals, trusts, Qualified Retirement Plans including defined contribution plans, corporations, and not-for-profit entities. Our clientele is approximately equally distributed with individual and high net worth clients accounting for approximately 50% of the client assets that we advise and Qualified Retirement Plans, corporations, trusts, and not-for-profits accounting for the remaining 50%.

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## INVESTMENT PHILOSOPHIES, STRATEGIES, ANALYSIS AND RISK OF LOSS

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*Risks:* All investments involve risk. The primary risk for all investments is a risk of loss of principal or that the proceeds received from the sale of an investment will be less than the

original funds used to purchase the same investment. The risk of loss of principal can be severe at times depending on the market environment and market events. Although we attempt to design our models to limit portfolio risk and volatility, you should be prepared to assume a risk of loss of principal with any investment that you make. Other risks that you may experience and that may cause a risk of loss of principal include but are not limited to:

- **Inflation Risk:** The risk of loss of purchasing power resulting from rising prices over time.
- **Interest Rate Risk:** For fixed income securities, the risk that interest rates will rise which will result in declining security prices.
- **Default Risk:** The risk that an issuer/borrower will not make its interest or principal payments as they come due.
- **Currency Risk:** The risk that securities denominated in other currencies lose value as the value of the underlying currency declines.
- **Political Risk:** Risk that government intervention, restrictions, or expropriation may result in a loss of principal.
- **Business Risk:** Risk that a business will be unable to continue ongoing operations as a result of increased competition, mismanagement, or financial insolvency.

*Investment Philosophy and Strategy:* We believe that markets are, for the most part, efficient and that prices reflect all available information and expectations. You can only expect to earn a return greater than the market if you are willing to take on greater risk than that of the market. Thus, the strategic portfolio allocation or asset mix is the most important determinant of a portfolio's performance and ultimate success. To reduce the unnecessary risks created by owning a narrowly focused portfolio and to capture those risks that afford potential higher returns, we believe that a comprehensive, globally diversified portfolio allows you to capture potential excess returns over a long term horizon while reducing the portfolio's volatility as measured by the portfolio's standard deviation. Our definition of diversification means not only diversifying amongst stocks, bonds, commodities, and real estate, but diversifying within stocks, bonds, commodities, and real estate and other various assets classes and diversifying globally to produce a truly diversified global portfolio. Every investor is unique with their own goals, needs, wants, and risk tolerance thus there is no single asset allocation mix that is ideal for everyone. You must weigh your specific situation to determine an asset mix that is appropriate for you.

We also incorporate the research and work of Professors Eugene Fama, University of Chicago Booth School of Business and Kenneth French, Tuck School of Business at Dartmouth College and Dimensional Fund Advisors ('DFA') into our recommendations and models. The Fama-French Three Factor Model suggests, generally, that over time 'value' stocks generally outperform 'growth' stocks and that small cap stocks generally outperform large cap stocks. Dimensional Fund Advisors incorporates the Fama-French model into their passive portfolio management and not only do they diversify in the amount of securities their portfolios hold but also in the number of capital market strategies the firm explores and develops. We believe that you receive an added benefit from the ability to purchase DFA mutual funds through us that you would not necessarily have otherwise. Our managed models are comprised primarily of DFA mutual funds. We are not under any obligation or commitment to recommend or sell DFA mutual funds nor do we receive any form of remuneration from DFA or any other mutual fund, Investment Company, insurance

company, etc. Our models also incorporate the principles of Modern Portfolio Theory. Our models may include real estate and commodities with each managed model having a value slant as well as small cap exposure. Certain higher risk securities may be included in the managed models including domestic, international, and emerging small cap equities and high-yield bonds. Over a long-term investment horizon, we believe that the risk return relationship for these security types will be beneficial to the plan's portfolio and present an opportunity to receive higher returns for the added risk exposure. We evaluate risk from a managed model perspective and not on a security-by-security basis. Our models also tend to employ lower risk fixed income strategies to manage total portfolio volatility and shift the risk focus to the equity portion of the portfolio where expected returns are higher. We believe that our allocation strategies provide you with globally diversified managed models designed for long-term implementation.

*Implementation:* The plan's Investment Committee and we will establish an Investment Policy Statement to guide the management of the plan's assets moving forward. The Investment Policy Statement outlines, amongst other things, your and our expectations, the portfolio allocation including upper and lower allocation bands, the security evaluation process including the criteria used in our analysis, benchmarks, rebalancing guidelines, and the timing for future reviews. All Investment Policy Statements are reviewed at least annually and modified as needed.

We obtain our market and security specific information from various pieces of software that are both paid for by us or made available for our use by one of the Investment Companies, custodians, or other unrelated third parties, prospectuses, the media, government resources, or various other unrelated third parties. Our portfolio and security specific analyses rely both on the research of unrelated third parties (Morningstar, Schwab, etc) and on our own due diligence process. We evaluate the merits of each individual investment opportunity by analyzing, amongst other things, whether the specific investment is appropriate and fits into a plan's portfolio, its history, industry/market, management, performance, risk, volatility, tracking error, creditworthiness, credit rating, underlying cash flows, style, and consistency along with other factors. Once a specific security has been deemed to be below our requirements, the security is recommended to the Investment Committee to be replaced with a security that better represents the quality we expect from the investment opportunities we recommend.

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#### **DISCIPLINARY INFORMATION**

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We pride ourselves on our strict adherence to the Fiduciary Standard and a high ethical standard. It is most important to us that the client's best interests are paramount at all times. To date, we have not and currently do not have any disciplinary or legal actions pending or taken against the firm nor its employees.

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#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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Our management and employees currently are not registered or attempting to register with a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor. Our management and employees also currently do not maintain relationships or arrangements with any related person including broker-dealers, municipal

securities dealers, government securities dealers, Investment Companies, other investment advisers, futures commission merchants, commodity pool operators, commodity trading advisors, banks, thrifts, insurance companies or agents, pension consultants, real estate brokers or agents, or sponsor or syndicator of limited partnerships that create a material conflict of interest. We currently do not recommend or select other investment advisers nor does the firm receive compensation for any third party professional recommendations.

Our sister organization is Jones, McKnight & Edmonson, P.C., a Certified Public Accounting firm with identical ownership to that of Beacon. Our clients are not required or pressured to hire Jones, McKnight & Edmonson, P.C. as their accountant nor are clients of Jones, McKnight & Edmonson, P.C. required or pressured to hire us as their financial advisor. Both entities operate autonomously and only exchange client information when directed to do so by you.

Jeffrey G. McKnight, a shareholder and member of our Executive Committee, is also an attorney at law. He is the sole owner of Jeffrey G. McKnight, P.C. JME's and our clients are not required or pressured to hire Jeffrey G. McKnight, P.C. as their attorney. This entity operates autonomously from us and from JME and we only exchange client information when directed to do so by you.

Norris Edmonson is a member of the Financial Planning Division of the AICPA, the Georgia Society of CPAs, and the National Association of Personal Financial Advisors.

We do have relationships with certain sub-advisors to manage client assets for specific client needs. These arrangements are detailed in writing with full disclosure made to you including information about the sub-advisors fees. You can terminate these relationships at will in accordance with the terms of the agreement between you and the sub-advisor. We do not regularly recommend sub-advisors but will do so to meet a specific need.

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#### CODE OF ETHICS

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We have adopted a Code of Ethics pursuant to SEC rule 204A-1. A copy is available to you upon request. Each employee is required to adhere to the Code of Ethics. The primary objective of the Code of Ethics is to establish the expectations for each employee with respect to their interaction with our clients and our adherence to the Fiduciary Standard. Our reputation is a reflection of the quality of our employees and their dedication to excellence in serving you. To ensure these qualities and dedication to excellence, our employees must possess the requisite qualifications of experience, education, intelligence, and judgment necessary to effectively serve as investment management professionals. In addition, every employee is expected to demonstrate the highest standard of moral and ethical conduct for continued employment with us. Employees are educated that a material breach of the provisions of the Code of Ethics may constitute grounds for disciplinary action and/or termination of employment.

We, as a fiduciary, have an affirmative duty of care, loyalty, honesty, and good faith to act in your best interest. Compliance with this duty can be achieved by trying to avoid conflicts of interest and by fully disclosing all material facts concerning any conflict that does arise with

respect to any client. The following discussion details, but is not limited to, potential conflicts of interest that may exist and our method for handling these potential conflicts:

- *Conflicts between Current Plan Clients and Former Plan Participants:* Conflicts of interests may arise when a financial advisor and fiduciary to a plan solicits rollover assets from former plan participants of a Qualified Retirement Plan currently in the Beacon Qualified Retirement Plan Program. We view this solicitation as a violation of our fiduciary status to the plan. We do not solicit rollover clients and strictly prohibit any employee from soliciting rollover clients from Qualified Retirement Plan clients. If a former participant approaches us on an independent basis and desires to hire us, we will evaluate each situation in light of our fiduciary duty to the plan. If we determine that no potential material conflicts of interest exist, we may accept the former participant as a client in either the Beacon Wealth or Asset Management Programs. If we determine that a material conflict of interest exists, we will not accept the former participant as a client.
- *Conflicts among Client Interests:* Conflicts of interest may arise where the firm or our supervised persons have reason to favor the interests of one client over another. We specifically prohibit inappropriate favoritism of one client over another client that would constitute a breach of fiduciary duty. When a conflict amongst clients exists, we will disclose the conflict to all involved parties. Upon disclosure, you will have the opportunity to waive the conflict and continue to employ our services. If the conflict is not waived, we will either withdraw from one or both engagements depending on the nature of the conflict and its potential impact on you and the other client(s).
- *Competing with Client Trades:* We prohibit our employees from using knowledge about pending or currently considered securities transactions to profit personally, directly or indirectly, as a result of such transactions. In order to avoid any potential conflict of interest between our clients and ourselves, securities transactions for the accounts of our employees in the same security as that purchased/sold for advisory accounts should be entered only after completion of all reasonably anticipated trading in that security for those accounts on any given day. If, after completion of all anticipated trading for client accounts, a trade is executed for an employee's personal account on that same day at a price better than that received by the client, surveillance procedures will identify and correct those transactions in favor of the client. Because mutual funds are purchased or sold at the fund's net asset value, the potential for pricing conflicts with respect to that security type is mitigated.
- *Transactions with Clients:* We specifically prohibit all employees from knowingly selling to or purchasing from a client any security or other property, except securities issued by the client.
- *Initial Public Offerings and Limited or Private Offerings:* All of our employees are prohibited from acquiring securities in an initial public offering or limited or private offering without first obtaining written pre-clearance from the Chief Compliance Officer. The prior approval must take into account, among other factors, whether the investment opportunity should be reserved for clients, and whether the opportunity is being offered to an individual by virtue of their position with us.
- *Outside Business Interests:* A supervised person who seeks or is offered a position as an officer, director, trustee, or is contemplating employment in any capacity in an outside enterprise is expected to discuss such anticipated plans with the Chief

Compliance Officer. We do not wish to limit any supervised person's professional or financial opportunities, but we need to be aware of such outside interests so as to avoid potential conflicts of interest and ensure that there is no interruption in services to you.

- *Personal Gifts:* Our employees are prohibited from soliciting gifts of any size under any circumstance. Our employees may not give any gift with a value in excess of \$200 per year to an advisory client or persons who we do business with, regulate, advise, or render professional services to us. Our employees may not accept extravagant or extraordinary gifts. Gifts of nominal value (not to exceed \$200 in any twelve month period), customary business meals, entertainment, and promotional items may be accepted.
- *Insider Trading:* Insider trading activities are strictly prohibited for both our employees and our clients.

All employees are required to adhere to the employees reporting requirements and to report every transaction with any direct or indirect financial benefit. For new employees and employees that become access persons, the employee must provide to the Chief Compliance Officer a holdings report for all personal accounts that must be no older than 45 days before the employee was hired or became an access person. On an ongoing basis, all employees must arrange for duplicate account statements for all personal investment accounts to be sent to the Chief Compliance Officer. The Chief Compliance Officer will review each transaction for any evidence of improper trading activities or conflicts of by the employee. All employees must acknowledge, initially and annually, that they have received, read, and understand the Code of Ethics regarding personal securities trading and other potential conflicts of interest and agree to comply with the code's provisions.

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#### **BROKERAGE PRACTICES**

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*Custodial and Service Provider Review:* We are independently owned and operated and not affiliated with any of the custodians that we recommend. It is the responsibility of the plan's Investment Committee to review custodial and service provider relationships. When evaluating a custodian or service provider, we analyze and compare custodians on both trade capabilities and execution and fees. We will also review the custodian's size, market share, ability to timely execute trades electronically as well as over the phone, the markets in which the custodian participates and its market making capabilities, the ability to negotiate fees, the custodian's trade error procedures, its ease of use, the availability of the sales, operations, and technology teams to improve our ability to serve our clients, the custodians financials, regulatory actions taken against the custodian, and general news about the custodian. We will also review the fee schedule of each custodian and service provider as well as those of other custodians and service providers currently not used by the plan to compare fees and to ensure the reasonableness of the fees charged. We do not necessarily weight any particular capability of a custodian or service provider over another however trade execution and the ability to negotiate fees to reduce your total costs are two very important factors.

*Best Execution:* As a Registered Investment Adviser, we have the duty to attempt to obtain best execution for your securities transactions. Since trading is a repetitive, continuous process, each trade communicates information about a custodian's underlying trading procedures. The SEC requires broker/dealers to make public monthly electronic reports

showing uniform statistical measures of execution quality. One a quarterly basis, our Chief Compliance Officer will review the custodian's best execution report. As a part of best execution practices, we believe that the cost-benefit relationship must be examined as a part of the trading process. We strive to ensure that trades in the plan's trust are completed at the lowest cost without compromising the overall portfolio strategy or asset mix. We do not receive any of the trading fees charged nor do we ever mark up or mark down a trade.

The custodians, investment companies, and other un-related third parties we recommend provide us with access to the following services that we may not otherwise have access to:

- Research, marketing, technology, and other soft dollar benefits
- Conferences, consulting, and other practice management support

*Research and Other Soft Dollar Benefits:* Due to the nature of our business and the structure of the financial services industry as a whole, we receive research and other soft dollar benefits that we may not ordinarily receive if it were not a Registered Investment Adviser. We receive, from the custodians we use along with the investment companies we select, market research. This research is made available to us without charge as a result of our relationship with each of these entities. We use the research to evaluate investment opportunities and for general market research about the course, direction, and economic viability of different markets. We also receive from the custodians we use along with certain investment companies software and other technology that we use in the management of your assets. These various software programs and other technology are free to us as a result of our relationship with each of these entities. These research and other soft dollar benefits may be offered to us via an arrangement the custodian or investment company has with an outside, unrelated third-party. The custodian or investment company may discount or waive the fees it would otherwise charge for some of the services it makes available to us. It may also pay all or a part of the fee of a third party providing these services to us.

Because we receive certain research and software from our relationships, we may have an incentive to select or recommend a custodian or investment company over another based on our interest in receiving the research and software rather than on the your interest in receiving the most favorable execution. We take great care to make sure that your interests remain paramount at all times and that a professional relationship between us and a custodian or investment company does not compromise that fiduciary call. We address this conflict by excluding these benefits from our evaluation of custodians and investment companies when reviewing each for continued use.

Because most custodians and investment companies offer various research and other soft-dollar benefits for employing their services, we believe that this conflict is minimized by the diversity of the industry as a whole and through our evaluation process which eliminates the potential benefits from the analysis. We use the research and other soft dollar benefits on all clients in an equal manner. The size of a particular client or the custodial fees a client may generate does not affect the manner in which we use the research and software benefits. We also do not select or recommend a custodian, broker/dealer, or investment company for potential client referrals that we may receive. We avoid this situation because it would present a potential conflict of interest between receiving future referrals from the referring entity and obtaining the best trade execution possible for you. We believe that by eliminating this metric from the evaluation process, we are better able to meet our fiduciary duty to you.

We are a Dimensional Fund Advisors ('DFA') authorized investment adviser. After a rigorous interview and approval process, we were granted the ability to purchase DFA mutual funds. DFA mutual funds are not available to the general public nor are they available to advisers who have not completed the interview and approval process. As a result of this relationship, we receive certain non-monetary benefits. Those benefits include seminars hosted by DFA in which DFA funds are explained along with financial planning and investment management education and instruction, access to the DFA advisor website which includes research, market commentary and analysis, software, newsletters, marketing and educational materials, and access to various market or product updates via conference calls or webinars that are not available to those non-DFA advisers. We do not pay for access to DFA's mutual funds or other resources nor are we under any obligation to recommend the purchase of their funds. DFA does not provide any direct form of compensation to us for the recommendation of their mutual funds. We pay for all travel and associated expenses related to any DFA conference that our employees may attend. Because of the benefits received from the relationship with DFA, we have the incentive to recommend DFA mutual funds to our clients. Before purchasing any investment, the merits and appropriateness of the investment is evaluated with respect your specific situation. If the investment is deemed to be inconsistent with the strategic allocation of your assets, the investment is avoided. This includes DFA mutual funds. We recommend DFA mutual funds because of DFA's passive approach to investment management, their low fees and turnover, and the financial theory behind their investment style. We do not receive any compensation or remuneration of any kind from DFA or any other mutual fund, Investment Company, custodian, insurance company, or any other unrelated third party.

*Trade Aggregation:* The third-party administrator is responsible for executing trades with the custodian. Thus we do not have ability to control the trading practices of those entities so long as each entity complies with the laws, rules, and regulations governing Qualified Retirement Plans.

*Directed Brokerage:* The Investment Committee of the Qualified Retirement Plan is responsible for selecting the custodian or broker/dealer that will custody the plan's assets and execute the trades. Thus, our role is limited to recommending a particular custodian or other service provider to the Investment Committee.

*Trade Errors:* At no time will our clients be disadvantaged by trade errors. All errors in client accounts will be recorded and resolved in your favor as soon as practicable.

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#### REVIEW OF ACCOUNTS

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We will meet with the plan's Investment Committee at least annually to review the current investments, custodial and service provider arrangements, and the Investment Policy Statement. For our managed models, we will review the investments comprising each model on a semi-annual basis. The Investment Committee of the Qualified Retirement Plan may decide to increase the frequency of its meetings. Should that occur, the IPS will be revised to denote such a change and we will begin reviewing the plan's investments at the intervals determined by the Investment Committee. Unless directed to do so by the Investment

Committee, we will only review custodial and service provider arrangements on an annual basis.

*Reporting:* All Qualified Retirement Plans will receive a quarterly report. The report details the plan's current holdings, a summary of the changes to the plan's assets that occurred during the quarter, and a performance summary. Also included in the quarterly reports will be a copy of the plan's bill if the fees are drafted from the plan's trust. If you desire to not have the fee drafted, the plan's quarterly bill will be mailed separately. We will also include a copy of our most recent Form ADV in the quarterly report that corresponds to the regulatory requirement for delivery of the ADV to current clients. On occasion, we will also include a newsletter which may include market commentary or upcoming events or changes for which you may need to be aware.

You will also receive statements from the custodian where your assets are held at least quarterly. These statements identify your current investment holdings, the cost of each of those investments, and their current market values.

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#### CLIENT REFERRALS AND OTHER COMPENSATION

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We currently do not compensate any third party for client referrals nor do we have any solicitation arrangements with any third parties. We do compensate employees for client referrals as a part of our ongoing talent retention activities. For those employees of Beacon and Jones, McKnight, & Edmonson, P.C., we compensate each employee ten percent of the total annual fee collected per referral. That compensation remains in place for as long as the referral is a client of ours and the employee is employed by Beacon or Jones, McKnight & Edmonson, P.C., whichever is shorter. If you elect to terminate your relationship with us, the compensation related to your engagement with us will cease.

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#### CUSTODY

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We seek the authority to deduct fees directly from the plan's trust as this is generally more efficient for both you and for us. Because of the ability to deduct fees from the plan's trust, we are deemed to have custody of the plan's assets even though your assets held by an unrelated, outside custodian. As a result, we must comply with the applicable SEC custody rules. We are in compliance with all applicable SEC custody rules. However, we not currently subject to the annual surprise examination because the criterion that deems us as having custody, drafting of management fees directly from the plan's trust, is currently exempt from the examination requirement. If in the future we are deemed to have custody of plan assets for a criterion other than drafting of management fees, we will be subject to and will comply with the examination requirement and all applicable custody rules and requirements. The custody rule, among other things, requires:

- All advisers with custody maintain client assets with a "qualified custodian" such as a bank, broker-dealer, or futures commission merchant.
- All advisers with custody to have a reasonable basis, after due inquiry, for believing that the qualified custodian maintaining client assets sends quarterly account statements directly to each client.

- All advisers that have custody of client assets to undergo an annual surprise examination by an independent public accountant to verify client assets (Beacon is currently exempt from this requirement).
- Advisers to obtain, or receive from a qualified custodian, a report of the internal controls relating to custody of client assets prepared by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ('PCAOB'), if the custodian is the adviser or a related person of the adviser and maintains advisory client assets in connection with advisory services.

We strictly prohibit any employee from any activity that may specifically cause or imply that we have custody of a plan's assets aside from drafting of management fees. No employee is permitted to borrow money or securities from you or any client, nor are any employees permitted to lend money or securities to you or any client without approval from the Chief Compliance Officer in writing and in advance. In the event that we receive funds, securities, or other assets from you, we will return such funds, securities, or other assets to you within three business days of receiving them. If you send funds to us that are intended to be deposited into the plan's trust held at a qualified custodian or broker/dealer and the check is made out to that qualified custodian or broker/dealer, we will forward the checks within twenty-four hours.

You will receive statements from the custodian where your assets are held on at least a quarterly basis. We urge you to carefully review these statements and compare them to the accounts statements that we provide to you. We also encourage you to contact us should you have any questions or concerns regarding the plan's trust.

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#### **INVESTMENT DISCRETION**

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We do accept discretionary authority with respect to our managed models. Discretionary trading authority is given to us via written authorization. This means that we do not need advance approval to make changes to our models. We do not, however, have the ability to choose the broker-dealer through which transactions will be executed. Evidence of our authority to manage the models on a discretionary basis will be documented in the Investment Advisor Contract. All written authority granted to us by the plan will be restricted to limited trading authority, giving us the power to make changes to the investments contained within the managed models. The actual trades for model changes will be made by the TPA. At no time will we or any of our employees enter into any written or verbal agreements or understanding with you that gives the employee full trading authority over the account since that term may be interpreted as granting authority to withdraw funds and securities from the plan's trust. This discretion is used in a manner consistent with our model strategies and we only exercise discretion in the management of our models where we have been authorized to do so by you.

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#### **VOTING CLIENT SECURITIES**

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It is our policy to exercise proxy authority for Qualified Retirement Plans. Proxies will be received by the Chief Compliance Officer, who will vote the proxies on a case-by-case basis

to the financial benefit of the client base. Routine issues will be voted with management in the majority of cases, while non-routine issues may be more frequently voted against management. Where there is a question as to whether an issue is in your best interest or if a new policy question arises, the Chief Compliance Officer will document his review and rationale for his decision.

In accordance with Rule 206(4)-6 of the Advisers Act, we have implemented the following guidelines regarding the voting of proxies:

- To avoid excess storage space, we will retain only one copy of each annual report and proxy statement received from the reporting companies.
- All proxy ballots will be collected and filed electronically.
- Every proxy ballot will be recorded via an Excel spreadsheet on the day of receipt by:
  - Broker/dealer/custodian and account number and account name
  - Date received in our office
  - Stock symbol/Fund Name
  - Number of shares to be voted
  - Voting deadline
  - Proxy control number
- The Chief Compliance Officer will conduct an analysis of the entire proxy ballot and all corporate board proposals. This analysis will be conducted to avoid any actual or potential material conflicts of interest. If a conflict of interest is evident, we will cast the votes in the best interest of the shareholder/client and document the rationale for the decision.
- After making a final decision, the Chief Compliance Officer will vote each ballot.
- After voting the proxy ballots, a copy of the proxy will be maintained or, if voted electronically, an electronic confirmation of the vote(s) cast will be sent to us. Evidence of the proxy vote and supporting documentation created by us will be maintained for five years.

With respect to the voting of client proxies, we would have a conflict of interest if we are called to vote on a proxy for a company and we also:

- Manage the company's pension plan.
- Administer the company's employee benefit plan.
- Provide brokerage, underwriting, insurance, or banking services to the company.
- Manage money for an employee group.

We may also have a conflict of interest if the owner or one of our senior officers is a close relative or, or has a personal or business relationship with:

- An executive of the company.
- A director of the company.
- A person who is a candidate to be a director of the company.
- A participant in the proxy contest

If there is a known or potential conflict in voting client proxies, we will disclose all such conflicts to our applicable clients and obtain their consent before voting. Because we assist with the monitoring and evaluating of the plan's investments and manage models for the plan, we believe that a part of the evaluation process is evaluating the investment's management and the issues that are up for vote by shareholders. Thus, we vote every proxy to the benefit of your interest. A copy of our proxy voting policies and procedures is available upon request to all of our clients.

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## CONCLUSION

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We value each and every client and the opportunity to share important information about our firm, business, and employees. 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 SEC disclosures can be found in Part I of Form ADV by visiting the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and searching using a firm's unique CRD number. Our CRD number is 125085.

If you have any questions about any of the information contained in this brochure or if you would like to see any of the documents referred to in the brochure, please contact Norris Edmonson, Chief Compliance Officer, via telephone at 678-750-1700 or via email at [Norris@beaconfa.net](mailto:Norris@beaconfa.net).

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## BIOGRAPHICAL INFORMATION

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The following pages provide the formal education and business background for the Executive Committee of Beacon Financial Advisers, Inc.

**NORRIS G. EDMONSON, CPA, PFS**

After graduating from Mississippi State University in 1972, Norris joined the Houston, Texas office of Arthur Andersen & Co. as a member of its tax staff. Norris and his family moved to Atlanta, Georgia in 1986. Before merging his practice into Jones, McKnight & Edmonson, P.C., Norris was a partner with a firm in mid-town and the president of his own firm in Atlanta.

In addition to being a practicing Certified Public Accountant (CPA), Norris has received accreditation as a Personal Financial Specialist (PFS). This accreditation is currently one of a small number of specialty accreditations bestowed on successful candidates by the American Institute of Certified Public Accountants. This accreditation denotes a level of education and experience necessary to provide financial planning services to clients and is only available to Certified Public Accountants.

Additionally, he is the president and chief investment officer of Beacon Financial Advisers, Inc., a Registered Investment Adviser (an affiliate of Jones, McKnight & Edmonson, P.C.). Beacon utilizes Charles Schwab & Co., Inc., SEI Personal Trust Company, and Matrix Financial Solutions as custodians for our clients' assets. All financial planning and investment management services are fee only (not involving commissions on the sale of any product).

Norris is a member of the American Institute of Certified Public Accountants (Personal Financial Planning Section), the Georgia Society of Certified Public Accountants, Gwinnett Chapter, and the National Association of Personal Financial Advisors (NAPFA), a professional association of fee-only investment advisors.

Norris and his wife, Mary, reside in Lawrenceville, Georgia and have two children and 6 grandchildren.

Norris spends approximately 10% of his time with the related activities of Jones, McKnight, & Edmonson, P.C. and the remainder of his professional time with activities related to Beacon Financial Advisers, Inc.

**JEFFERY G. McKNIGHT, JD, CPA**

Jeff McKnight graduated with honors from Auburn University in 1978 receiving a Bachelor of Science in Business Administration degree with a major in accounting. Following his undergraduate studies, he received his Juris Doctor degree from the University Of Alabama School Of Law in 1981.

Jeff began his career following law school as a member of the tax department of BDO Seidman, a national/international CPA firm, where he remained until leaving to join the firm that was the predecessor to Jones, McKnight & Edmonson, P.C. He is the managing partner and partner in charge of tax services. He has extensive experience in working with closely held businesses and their owners as well as high net worth individuals in the development and implementation of strategies for income maximization and tax minimization.

In addition to Jeff's responsibilities as partner in Jones, McKnight & Edmonson, P.C., he also practices law in the firm of Jeffrey G. McKnight, P.C. in the areas of fiduciary, estate and corporate law.

Jeff is a member of the American Institute of Certified Public Accountants, the Tax Division of the American Institute of Certified Public Accountants, the Georgia Society of Certified Public Accountants, the Gwinnett Chapter of the Georgia Society of Certified Public Accountants, the State Bar of Georgia, the Fiduciary Law Section of the State Bar of Georgia, The American Bar Association, and The Section of Real Property, Probate and Trust Law of the American Bar Association.

Jeff and his wife, Cindy, reside in Lilburn, Georgia. They have two sons, Brad and Todd.

Jeff spends approximately 90% of his time with the related activities of Jones, McKnight, & Edmonson, P.C. and Jeffrey G. McKnight, P.C.