

VERITY

WEALTH ADVISORS LLC

Form ADV Part 2A

Brochure

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Updated: March 30, 2011

This brochure provides information about the qualifications and business practices of VERITY Wealth Advisors. If you have any questions about the contents of this brochure, please contact us at 415-561-3340 or evan@veritywealth.com. The information in this brochure has NOT been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about VERITY Wealth Advisors is also available on the SEC's website at www.adviserinfo.sec.gov. (Note the spelling of the word "adviser" in the website address as it differs from the most familiar version)

Businesses engaged in the provision of investment advice to clients with aggregate assets greater than \$100 million are required to register with the SEC. This registration process consists of thorough disclosure of business organization, practices, personnel and potential conflicts-of-interest as well as annual and "as-needed" updates to that information. Additionally, advisory firms registered with the SEC are subject to periodic surprise examinations. The use of term "registered" applies only to this registration process and does NOT imply any particular level of skill, training or ability to perform advisory functions better than other firms that are not registered.

As part of the registration process, investment advisors registered with the SEC are required to maintain accurate disclosure of business information via two disclosure documents, Form ADV Part 1 and Part 2. Part 1 is an online document (viewable at www.adviserinfo.sec.gov) containing detailed information about the advisor, its organization and its advisory practice. Part 2 is a narrative document designed to provide clients and prospective clients with clear and accurate information that they can use to make an informed decision about hiring the advisor. This information is broken into two parts: the first of which contains information about the firm (Part 2A); while the second part contains information about individuals within the firm who provide advice (Part 2B or "brochure supplement"). The SEC requires that VERITY provide these brochures to each client before or at the time that we enter into an advisory contract and at least annually thereafter.

Material Changes (since last submission)

VERITY last submitted an annual update to its Form ADV Part II (the predecessor form) on January 14, 2010 and submitted an update to that information on July 30, 2010. This is the firm's first submission of Form ADV Part 2A, under the SEC's recently updated requirements. While this new submission expands on many of the items contained in the previous annual update (and subsequent update), there have been no material changes to VERITY's business operations since these updates.

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Advisory Business

VERITY Wealth Advisors was founded in 2003 by Evan Oliver, who remains the principal owner of the firm. VERITY provides a broad range of financial advisory services that depends upon the needs of the client. Our services fall into two main categories:

- | | |
|-------------------|--|
| Discretionary | VERITY directs the investment of client assets |
| Non-Discretionary | The client retains investment authority |

Either of these service arrangements may or may not include the provision of financial planning services, again, depending upon the needs of the client.

VERITY currently provides discretionary services to 34 clients, encompassing \$102 million of investment assets (as of March 30, 2011). Twenty-nine of these engagements also include the provision of a broad range of financial planning services (i.e. our traditional wealth management mandates), including but not limited to guidance on estate planning, taxes, insurance and retirement planning. VERITY is NOT licensed to provide specific tax or legal advice and therefore the guidance given is designed only to supplement the expert counsel of tax and/or legal practitioners.

VERITY believes that the best investment advice is provided when an advisor is deeply intertwined in every aspect of their clients' overall financial picture, a view best gained through the financial planning process. However, in limited situations, VERITY will manage a client's assets without also providing financial planning services. We currently have five clients engaged under such investment management only agreements.

VERITY also provides non-discretionary financial advice to an additional ten clients. Under these contracts, VERITY provides investment and/or financial planning advice on an ad-hoc basis, but does not take on the fiduciary responsibility of managing the clients' portfolios. This type of mandate also includes the firm's involvement in divorce financial planning.

VERITY Wealth Advisors also acts as the general partner of a limited partnership, Verity Alternative Partners L.P. ("VAP"). This partnership was formed in 2005 as a means of providing VERITY clients with exposure to such alternative investments as real estate, commodities and hedge funds. The fund has been closed to new investment since 2006, is nearing the end of its planned lifespan and currently holds just \$1.2 million of assets.

Fees and Compensation

For VERITY's full wealth management services, we generally charge a flat \$10,000 fee for the first \$1 million of managed assets (which equates to 1%) and then 0.50% (50 basis points) for assets above \$1 million. As assets approach \$5 million, we waive the initial flat fee so that the fees for portfolios above \$5 million are charged a flat 0.50%. Standard fees at each level of portfolio size are shown below:

Assets managed	
\$1 million and below	\$10,000
\$1 million to \$4 million	\$10,000 plus 0.50% of assets over \$1 million
\$4 million to \$5 million	\$25,000
Above \$5 million	0.50% of assets

While the above table represents a standard schedule of fees, each service contract contains a specific billing regimen that may or may not adhere to this standard so deviations from this schedule can and do occur. These fees are paid on a quarterly basis (i.e. one-fourth each quarter) and are calculated using portfolio values as of the 15th of the final month of each calendar quarter (March, June, September and December). These fees are then deducted directly from portfolio assets, though occasionally VERITY will accept other payment options.

Investment management only services are generally available only to those clients with managed assets above \$5 million and fees are negotiated on a case-by-case basis and currently range between 0.15% and 0.50%. Billing for these fees is handled in the same fashion as for the wealth management mandates above

Non-discretionary consultation tends to be billed on an hourly basis at the then prevailing rate or a rate initially agreed to in an engagement agreement, whichever is less. The current billing rate is \$300 per hour and has ranged between \$300 and \$450 per hour over the last eight years. In some cases, fees for this type of service are charged as a quarterly retainer rather than on an hourly basis. These fees are billed by invoice on a monthly (or bi-monthly or quarterly, depending upon the size of the invoice).

For the management of VAP, VERITY Wealth Advisors charges the partnership a flat 1% fee on the partnership's net assets.

The fees mentioned above represent the only fees that VERITY collects in relation to the management of client assets. The securities and/or funds that VERITY purchases for clients charge their own fees (i.e. underlying management fees) and the custodian of the client's assets charges commissions on certain security transactions and fees for providing certain services (e.g. wire fees). VERITY does NOT in any way share in these underlying fees. For more information about the custodial relationships that VERITY has established and its choice of brokerage services, see the Brokerage

Practices and Custody sections below. Client have the option to purchase investment products that we recommend through other brokers or agents not affiliated with VERITY if they so choose.

Performance Based Fees and Side-by-Side Management

The SEC is concerned that differing fee arrangements across a client base may provide incentive for an investment manager to favor one client over another. VERITY does not charge any performance-based fees nor do we share in any such arrangements with any manager we recommend who may charge such fees. One could make the argument that any differences between the fees charged between clients can cause a conflict of interests and, as mentioned above, we do charge different marginal rates based upon portfolio size. That said, VERITY's style of management (described later in this brochure) naturally forces each client to be treated equally even though size and portfolio composition may differ dramatically.

Types of Clients

VERITY provides its services primarily to high-net-worth individuals, but also works with other entities such as retirement plans, foundations and other charitable organizations as well as trustees of irrevocable trusts.

Methods of Analysis, Investment Strategies and Risk of Loss

VERITY Wealth Advisors develops investment plans tailored to the specific needs of each client based on many different factors, primarily:

- 1) The role that the portfolio plays in the client's overall financial picture
- 2) The client's tolerance for risk (in terms of both capacity and comfort)
- 3) The interplay of return needs and risk tolerance

These factors combine to guide a targeted asset allocation that can provide a reasonable balance between these factors.

After allocation targets are determined, VERITY then considers as a default the use of index or index-like securities to execute the specific asset class allocations. Only in the presence of extraordinarily compelling evidence do we opt instead to execute a target allocation using something other than index-based securities.

Once in place, VERITY consistently monitors portfolios and rebalances as allocations deviate substantially from target. While we discourage our clients from making changes to the target allocations based on short-term changes to their comfort with risk, we do maintain a close eye on the long-term determinants of one's capacity for risk and adjust accordingly.

The single most important determinant of the risk of loss within a given client's portfolio is the target percentage devoted to fixed income. While the risk tolerance of our clients runs the gamut, we tend to maintain a significant allocation to fixed income regardless of economic cycle in hopes of buffering the capital preservation characteristics of our client's portfolios.

Disciplinary information

Neither VERITY Wealth Advisors, its employees, nor Verity Alternative Partners L.P. have been involved in any legal or disciplinary events since the firm's inception in 2003.

Other Financial Industry Activities and Affiliations

- No person within VERITY is registered as (or has any plans to register as) a broker-dealer or registered representative of a broker-dealer.
- No person within VERITY is registered as (or has any plans to register as) a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person for the foregoing entities.
- The foundation of the SEC's compliance efforts revolves around the requirement for the identification and disclosure of potential conflicts of interest along with the simultaneous placement of controls to lessen the chances of the occurrence of these conflicts. In designing this section of the brochure, the SEC requires that advisors describe any material relationships or arrangements that the advisor has with the entities listed below. While we believe that all of our relationships with the following entities are free of material conflicts-of-interest, we have chosen to replicate the SEC's entire list here in its entirety and provide explanations of the nature of relationships that we may have.
 - Broker-dealer, municipal securities dealer or government securities dealer or broker – as will be described further in the Brokerage Practices section below, we focus our trading with those broker-dealers associated with the custodial platforms that we use (Schwab and Fidelity). While we have done considerable due diligence in the trading capability of these industry leaders, there can be no assurance that such an arrangement will in every circumstance yield the absolute best possible execution.
 - Investment company or other pooled investment vehicle – VERITY has relationships with several investment companies, most notably PIMCO, iShares, Vanguard. However, the nature of these relationships goes no further than to attain information and research tools that VERITY needs to make informed decisions regarding that firm's investment products.
 - Other investment adviser or financial planner – VERITY maintains relationships with several investment advisors and a few financial planners, none of which present any material conflict-of-interest. These relationships are instead designed to know more about that particular entity's services so as to potentially make use of their services.
 - Futures commission merchant, commodity pool operator or commodity trading adviser – VERITY maintains no relationships with such entities.
 - Banking or thrift institution – Outside of Schwab Bank, VERITY maintains no relationship with any bank or thrift institution.
 - Accountant or accounting firm – VERITY works closely with several accountants and accounting firms to help clients better understand and manage their tax situation. While VERITY may give and receive client referrals to and from these providers, such referrals are made solely on the firm's merits and no compensation of any kind is paid or accepted for referrals.
 - Lawyer or law firm – As above for accountants, VERITY maintains relationships with several lawyers, particularly within the estate planning arena and receives and makes client referrals to these entities without remuneration of any kind.
 - Insurance company or agency - Ditto
 - Pension consultant – VERITY maintains no relationships with pension consultants.
 - Real estate broker – as with accountants, lawyers and insurance agents, VERITY maintains several relationships with real estate brokers and mortgage brokers and receives from and makes referrals to these persons without compensation or agreement of any kind.
 - Sponsor or syndicator of limited partnerships – VERITY does not currently have any such relationships.

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

The principals and employees of VERITY Wealth Advisors are governed by the firm's Trading Code of Ethics, established pursuant to SEC rule 204A-1. A copy of this code of ethics is available upon request. VERITY's principals and employees may buy, sell or hold securities identical to those recommended to clients. Any transaction in a specific corporate security

must first be approved by a principal of the firm. Approval is not required for the trading of mutual funds, exchange-traded funds or government-related securities. Additionally:

- A principal or employee of VERITY shall not buy or sell securities for his or her own personal portfolio when their decision to do so is a result of information derived from their position at VERITY, unless that information is also reasonably available to the investing public.
- VERITY maintains records of all securities bought, sold or held by its principals and employees and these records are reviewed on a regular basis by a principal of the firm.
- VERITY requires that all of its principals and employees obey all applicable federal and state regulations governing registered investment advisory practices.
- Any individual found to have violated any of these rules is subject to disciplinary action, including dismissal from the firm.

Brokerage Practices

VERITY currently maintains no active broker relationship outside of the brokerage business associated with the two custodial platforms that we use for our clients (Charles Schwab & Co and Fidelity). This is because:

- We do very little trading and therefore can only negotiate favorable commission rates and service team support from a limited number of brokers.
- The securities that we trade tend to be extraordinarily liquid and easily handled within electronic trading networks that tend to provide identical execution, regardless of executing broker.
- The size of our trades tends to be small in relation to the liquidity available in the markets and hence specialized handling of trades is unnecessary.

While other broker relationships have existed in the past, we have found that the electronic and liquid nature of the markets for the securities that we trade, along with the fact that we have already selected two industry leaders, allows no tangible value to be added by expanding the list of brokers that we use. VERITY participates in no soft-dollar arrangements or wrap-fee agreements.

VERITY may recommend/require that clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab) or Fidelity Institutional (Fidelity), both FINRA-registered broker-dealers, members SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The decision to use one or the other of these custodians is left up to the client. VERITY is independently owned and operated and not affiliated with Schwab or Fidelity.

Schwab and Fidelity provide VWA with access to its institutional trading and custody services, which are typically not available to Schwab or Fidelity retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a sizeable amount of the advisor's clients' assets are maintained in accounts at Schwab Institutional or Fidelity Institutional. These services are not contingent upon VERITY committing to Schwab or Fidelity any specific amount of business (assets in custody or trading commissions). Schwab and Fidelity's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For VERITY client accounts maintained in their custody, Schwab and Fidelity generally do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or Fidelity or that settle into Schwab or Fidelity accounts. Schwab Institutional and Fidelity Institutional also make available to VERITY other products and services that

benefit VERITY but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of VERITY accounts, including accounts not maintained at Schwab or Fidelity.

Schwab and Fidelity's products and services that assist VERITY in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of VERITY's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional and Fidelity Institutional also offer other services intended to help VERITY manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab and Fidelity may make available, arrange and/or pay third-party vendors for the types of services rendered to VERITY. Schwab Institutional or Fidelity Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to VERITY. Schwab or Fidelity may also provide other benefits such as educational events or occasional business entertainment of VERITY personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab or Fidelity, VWA may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab or Fidelity, which may create a potential conflict of interest.

Review of Accounts

VERITY's portfolio management system as well as other tools provide us with the ability to view the entirety of our clients assets on a daily basis to determine whether specific action is immediately required within a particular portfolio. Additionally, each portfolio is specifically reviewed and compared against targets on at least a monthly basis to determine whether any routine rebalancing or other adjustments are necessary.

Client Referrals and Other Compensation

As mentioned above, VERITY maintains relationships with numerous professionals from whom we receive and to whom we send client referrals. VERITY neither pays nor receives any compensation for these referrals and, accordingly, considers only the merit of the service provider when making referral recommendations and we make it clear to our colleagues that we expect them to use the same criteria in determining whether to send potential clients to us.

Custody

In the wake of recent scandals involving investment advisors who had direct custody over clients' assets, the SEC has revamped both its definition of custody and the safeguarding requirements of those firms deemed to have custody of client assets.

Over 93% of the assets that VERITY manages are held at one of two qualified custodians with whom VERITY works. These are the same firms, Schwab and Fidelity, discussed in the Brokerage Practices section above. The accounts that we have set up for our clients at these firms establish a direct link between the client and the custodian and therefore clients have direct access to information regarding these accounts and can transact directly with them.

As part of the process of setting up accounts that VERITY is to manage, the client typically provides the custodian (via the account application or amendment) with authorization to accept directions from us in:

- 1) the purchase and sale of securities
- 2) the withdrawal of management fees
- 3) the limited movement of assets on the client's behalf

These transactions, as well as any other changes to a client's portfolio, are automatically reflected in the records of the applicable custodian and VERITY has no ability to alter these records. In the case of trades, confirmation of all trades is sent directly to the clients. These custodians then send periodic (monthly or quarterly) reports showing the assets held in the account as well as the history of any transactions that occurred. We recommend that all of our clients take particular care to review these custodial reports and confirmations and to immediately bring any questions or issues surrounding them to our attention. Alternatively, the client can bring any such questions up with the custodian directly.

By designating these accounts as being managed by VERITY, we have the ability to view live account information and perform various housekeeping functions within the each of the custodian's institutional account management platforms (Schwab Institutional and Fidelity WealthCentral). Additionally, each morning, the previous day's ending account positions and transactions are electronically transmitted directly into our portfolio management system (Black Diamond), which allows us to make various decisions regarding the management of client assets.

In addition to the direct line of communication that clients enjoy with Schwab and Fidelity, VERITY provides a quarterly performance report to those clients for whom we manage assets. This report is designed to provide supplementary data such as portfolio performance and asset allocation that is, for various reasons, typically not provided by custodians. Since these reports are generated within a system that receives most of its information directly from the custodian, there are only a few situations wherein the data will not agree with that which a client would see directly from his or her custodian (e.g. closing prices and cost basis). VERITY highly recommends that clients compare these quarterly statements with those received directly from their custodian and bring any material discrepancies to our attention immediately.

Of the remaining of the assets that VERITY manages, the bulk of it (5.3% of 6.6%) is sub-advised by outside managers with whom VERITY has no direct relationship. Instead, information pertaining to these assets is provided by the client and manually fed into our portfolio management system and execution of our recommendations are performed by the client.

The final 1.3% represents assets associated with Verity Alternative Partners, of which VERITY Wealth Advisors is the general partner and consists of stakes in two limited partnerships and a cash balance held at Fidelity. Because cash flows within this fund are technically available directly to VERITY as general partner, VERITY Wealth Advisors is deemed to have custody of the funds within VAP. Accordingly, the fund's bookkeeping is subject to an annual audit and must also submit to an annual surprise custody audit.

In determining whether an advisor is deemed to have custody of client funds, the SEC considers the ability to automatically draw fees from client accounts to be an act that effectively builds a custody relationship. Therefore, VERITY Wealth Advisors is considered to have custody of those accounts from which it is authorized to pull fees.

VERITY does not act as trustee for any client funds and outside of VAP and the ability to draw fees from client accounts, does not maintain custody of any other client assets.

Investment Discretion

As mentioned in the section above, account applications provide our custodians with authorization to act upon investment direction from VERITY. Our authority to direct client assets is spelled out in a separate engagement agreement executed between VERITY and the client at the beginning of a relationship. In most cases, the limits on this discretionary authority

are further detailed in an investment Policy Statement executed between the two parties. In general, this discretionary authority allows us significant latitude in choosing:

- The types of securities held
- The timing of transactions
- The broker to be used for executions and the applicable commission rates

Clients tend to hire VERITY because we place great emphasis on the use of index-based mutual funds and exchange-traded funds ("ETFs"). In fact, within the equity allocation of the portfolios we manage, index-based securities are the only securities that we currently recommend. This does not necessarily mean that every equity security held in a client's account is index-based as there are circumstances that dictate the maintenance of certain positions which we would not otherwise recommend purchase. For example, a client may own single stock positions that have a very low cost basis and therefore a very high tax cost to selling. In these and other circumstances, we may decide that it is preferable to weave these existing assets into an overall portfolio rather than incurring the tax ramifications of selling them.

Voting Client Securities

VERITY maintains and adheres to a very strict proxy voting policy. Within the engagement agreement, during the account opening process and within any applicable IPSs, VERITY specifically warns clients that it does not and will not vote any proxies for shares of funds or securities held in client accounts. While VERITY is able to counsel clients regarding the issues at hand within a proxy vote, it does not make any specific recommendations as to how those proxies are to be voted. A copy of VERITY's Proxy Voting Policy is available upon request.

Financial Information

VERITY has never filed bankruptcy and is not aware of any financial condition that is expected to affect its ability to meet contractual commitments to clients.

Part 2B – Brochure Supplement

Item 1: Cover Page

Evan Oliver
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Suite 208
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415-561-3340
March 30, 2011

This brochure supplement provides information about Evan Oliver that supplements the VERITY Wealth Advisors LLC brochure. You should have received a copy of that brochure. Please contact Evan Oliver or Ryan Beckler if you did not receive VERITY Wealth Advisors' brochure or if you have any questions about the contents of this supplement.

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

Item 2: Educational Background and Business Experience

Education: United States Naval Academy, Bachelor of Science, Aerospace Engineering, 1985
Stanford Graduate School of Business, Master of Business Administration, 1993

Designations: Chartered Financial Analyst (CFA), 1998, by the CFA Institute
Certified Divorce Financial Analyst (CDFA), 2003, by Institute for Divorce Financial Analysts

Professional: 2003 - present VERITY Wealth Advisors, Founder and Principal
1997 - 2001 Merrill Lynch, Director, Global Equity-Linked and Equity Research Sales, San Francisco
1993 - 1997 Salomon Brothers, Vice President, Convertible Bond Sales, San Francisco
1985 - 1991 U.S. Navy, Lieutenant

Item 3: Disciplinary Information

Evan Oliver has not been the subject of any legal or disciplinary events.

Item 4: Other Business Activities

Evan Oliver participates in no business activities outside of those of VERITY Wealth Advisors.

Item 5: Additional Compensation

As an owner of VERITY Wealth Advisors, Evan Oliver receives compensation in the form of residual net income of the LLC in addition to his regular salary.

Item 6: Supervision

Evan Oliver, as the only investment professional at VERITY Wealth Advisors, has no supervisor.