

Apple & Associates

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This brochure provides information about the qualifications and business practices of Apple & Associates. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Apple & Associates is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Apple & Associates is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

This Part 2 represents our initial filing of this disclosure brochure.

Please contact us if you would like a copy of our updated Part 2.

ITEM 3

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ITEM 4: ADVISORY BUSINESS

Who we are

Apple & Associates (referred to as “we,” “our,” “us,” or “Apple”), has been registered as an investment advisor since May 2003. Our principals are Daniel Apple, Partners, who provides investment advice, and Michelle Apple, Partner, who is the Chief Compliance Officer. Before forming and registering Apple & Associates, Mr. Apple was registered as a sole proprietor investment advisor. This registration was effective from March 2000 until the registration was transferred to the current company.

Services we offer

Our financial planning services are available on an as-needed basis. Financial plans typically cover one or more of the following topic:

- Investment Planning and Management
- Tax Planning
- Estate Planning
- Retirement Planning
- Insurance Planning

We also provide money management services/investment advisory services to individuals, trust and small businesses. We work with each client to determine their investment goals, objectives and risk tolerance. Client may impose reasonable restrictions of the types of investments made.

Assets under management

As of December 31, 2010, we manage assets of \$49.1 million on a discretionary basis and \$21.7 million on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Investment Management Services

Advisory Fees & Billing Practices

Fees for investment management services are calculated as a percentage of assets under management. These fees are billed quarterly in arrears, based on the assets under management as of the last day of the calendar quarter. Our standard fee schedule is:

<u>Account Value</u>	<u>Annual Fee</u>
Up to \$500,000	1.50%
\$500,001 to \$999,999	1.25%
Assets over \$1,000,000	Negotiable

Fees for assets over \$1 million are determined on a case-by-case basis. We consider total amount over \$1 million threshold, the investment style to be used and client input.

You may provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide authorization for us to deduct fees by initialing the appropriate section of our contract.
- You will receive a detailed invoice each quarter which outlines our fees and how they are calculated at the same time we request payment from the custodian.
- You will receive a statement from your custodian which shows your holdings.
- You are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

You may elect to pay by check rather than having fees deducted directly from the client account.

You may end our advisory relationship by providing 30 days written notice. We will prorate the advisory fees received through the termination date and send you an invoice for the advisory fees due.

Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. These fees include:

- mutual fund loads (if applicable). These charges are paid to brokers as a form of commission.
- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

Financial Planning

We provide financial planning services for an hourly fee of up to \$125. We negotiate our fee with you based on the scope and complexity of the requested services; all fees are disclosed in the Financial Planning Agreement. We require that you deposit 25% of the estimated fee upon signing the Financial Planning Agreement. You will receive an invoice upon completion of the financial plan for the balance of fees due. You may pay for financial planning services by check or cash.

You may cancel our financial planning agreement at any time by providing written notice. Upon cancellation, we will calculate the amount due based on the time spent prior to receiving notice. If the invoice amount is less than the deposit, a refund will be provided to you. If the amount due is greater

than the deposit, we will provide you with an invoice for the additional fees. This invoice is payable upon receipt.

We have a conflict of interest. When you implement the financial plan through us, we receive the customary fees as disclosed in the following section. You are not required to employ us to implement the financial plan, or implement the plan, or any portion of it, at all.

We believe the fees mentioned above are competitive; however you may be able to obtain similar services from other sources at a lower price.

Conflicts of Interest

Our officers and some employees are also registered representatives of Financial Telesis, Inc. (“Financial Telesis”). As registered representatives, these individuals receive commissions for executing trades for their clients at Financial Telesis. For mutual fund investments, registered representatives also receive trailing commissions. Trailing commissions are fees the mutual fund pays to the registered representative each year that you own that mutual fund. We do not recommend or require that clients implement any investment advice given through Financial Telesis. If you decide to use Financial Telesis to implement any recommendations we make, our officers and employees will receive commissions for those trades. In these situations, a conflict of interest exists between your interests and those of Apple.

You are under no obligation to implement investment, financial planning or insurance recommendations through Financial Telesis. If you do elect to use Financial Telesis, you are under no obligation to choose one of our officers or employees as your registered representative. Commissions paid to Financial Telesis may be higher or lower than other broker/dealers who provide similar services.

Commissions are the primary compensation of our officers and employees who are registered representatives of Financial Telesis. We do not reduce our advisory fees to offset any commissions earned.

Mr. Apple is an insurance agent registered with JHW Financial Services, Inc., the insurance division of Financial Telesis. If you elect to implement insurance recommendations through Mr. Apple, he will receive the normal and customary commissions. In these situations, a conflict of interest exists between the interests of the client and Apple. Clients of Apple are under no obligation to implement insurance recommendations through Mr. Apple.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not receive performance fees for managing accounts.

ITEM 7: TYPES OF CLIENTS

We provide investment advice to individuals, trusts and pension plans.

Generally we require that you maintain \$100,000 under management with us. However, we may waive that minimum at our sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Our investment style/philosophy is based on active vs passive asset management. Both fundamental and technical analysis are used in the investment selection process. A combination of individual stocks, bonds, "no-load" or "load waived" mutual funds, ETFs and variable annuities are generally utilized in managing client accounts. We do not attempt to engage in market timing or short-term trading strategies. Positions are generally held long-term; however, accounts may be periodically rebalanced to the original allocation mix. In addition, allocations and investment selections may change from time-to-time depending on both the market conditions and changes in client goals and objectives. We seek to enhance long-term performance, while reducing volatility risk. There is no guarantee, either implied or expressed, that such objectives will be met. Furthermore, over the long-term, such programs may be more expensive to clients than purchasing mutual funds or other investments held over the same period.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Daniel Apple is a registered representative of Financial Telesis, which is a broker/dealer. Please refer to the "Conflicts of Interest" section in "Item 5: Fees and Compensation" for additional disclosures about this relationship. Apple is not under common control with Financial Telesis.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by Apple and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

Personal Trading for Associated Persons

We may buy or sell some of same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed as part of a block trade with client trades, or individually after client trades have been completed. Additional information about block trades is provided in the Aggregation of Orders section of “Item 12: Brokerage Practices.” When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

All persons associated with us are required to report all personal securities transactions to us quarterly.

ITEM 12: BROKERAGE PRACTICES

The Custodian and Brokers We Use

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see “Item 15: Custody”). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker/dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

How We Select Brokers/Custodians

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “*Products and Services Available to Us From Schwab*”)

Your Brokerage and Custody Costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “*How We Select Brokers/Custodians*”).

Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

Services That Benefit You.

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us. We have \$79 million in client assets under management, and we do not believe that recommending that our clients collectively maintain

at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.]

Aggregation of Orders

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for another client or one or more of our associated persons.

We may choose to block (aggregate) trades for your account with those of other client accounts and personal accounts of persons associated with Apple. When we place a block trade, all participants included in the block receive the same price per share on the trade. The price is calculated by averaging the price of all of the shares traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous or disadvantageous. Commission costs are not averaged. You will pay the same commission whether your trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

ITEM 13: REVIEW OF ACCOUNTS

We review investment advisory accounts at least annually with clients. During this meeting a discussion is held regarding the current portfolio, the economy and questions the client might have.

Each quarter we provide a detailed portfolio statement and invoice reflecting total fees charged for the quarter. These reports are provided in writing.

There is no ongoing review of financial plans. The only report provided is the initial written analysis.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see “Item 12: Brokerage Practices”). The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We may also engage solicitors to provide client or investor referrals. We pay these solicitors a portion of the fees we earn for managing the client or investor that was referred. If you are referred by a solicitor, this practice will be disclosed in writing and we will comply with the requirements of Rule 206(4)-3, under the Investment Advisers Act of 1940, as amended, and any similar state rule or statute.

ITEM 15: CUSTODY

If you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in “Item 5: Fees and Compensation.” Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to

the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them.

ITEM 16: INVESTMENT DISCRETION

You may provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority.

You grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for your account(s).

We also offer non-discretionary advisory services. If you elect to engage us to manage assets on a non-discretionary basis, we will contact you before each trade is placed in your account.

Clients may request that we invest in socially responsible companies or to avoid investment in certain industries or companies such as: oil stock, tobacco stock, alcohol stocks, etc.

ITEM 17: VOTING CLIENT SECURITIES

We do not accept the authority to vote proxies on your behalf. We will provide guidance about how to vote a specific proxy if requested. You will receive proxies and other related paperwork directly from your custodian.

ITEM 18: FINANCIAL INFORMATION

As a registered investment advisor, we are required to provide you with certain financial information or disclosures about our financial condition. Apple has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

BROCHURE SUPPLEMENT
ITEM 1: COVER SHEET

Daniel B. Apple

Apple & Associates
565 Brunswick Road, Suite 8
Grass Valley, CA 95945
(530) 272-1346

January 31, 2011

This Brochure Supplement provides information about Daniel B. Apple that supplements the Apple & Associates Brochure. You should have received a copy of that Brochure. Please contact Daniel Apple, Partner at (530) 272-1346 or danapple@appleandassociates.com if you did not receive Apple & Associates's Brochure or if you have any questions about the content of this supplement.

Additional information about Daniel B. Apple is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Daniel B. Apple was born in 1951. He received a Bachelor's in Geography from Chico State University in 1973 and went on to receive a MSFS, Masters in Financial Planning from College for Financial Planning in 1997.

Employment Background

Employment Dates:	5/2003 - Present
Firm Name:	Apple & Associates
Type of Business:	Investment Advisor
Job Title & Duties:	Partner. Financial planning and investment advice to individuals, pension plans and business.

Employment Dates:	3/2000 – 5/2003
Firm Name:	Daniel Bryce Apple dba Apple & Associates
Type of Business:	Investment Advisor
Job Title & Duties:	Owner. Financial planning and investment advice to individuals, pension plans and business.

Employment Background (continued)

Employment Dates: 2/2004 - Present
Firm Name: Financial Telesis, Inc.
Type of Business: Broker/Dealer, Securities
Job Title & Duties: Branch Manager, Registered Principal. Meet with clients, manage investment portfolios, develop new business, research.

Employment Dates: 12/1995 – 2/2004
Firm Name: Associates Securities Corp.
Type of Business: Broker/Dealer, Securities
Job Title & Duties: Branch Manager/Registered Representative/Registered Principal. Meet with clients, manage investment portfolios, develop new business, research.

Employment Dates: 8/1984 – 12/1995
Firm Name: Financial Network Investment Corp.
Type of Business: Broker/Dealer, Securities
Job Title & Duties: Registered Representative/Registered Principal. Meet with clients, manage investment portfolios, develop new business, research.

Professional Designations

Certified Financial Planner (CFP) - 1984

The CFP designation is issued by the Certified Financial Planner Board of Standards, Inc. In order to receive a CFP designation, the candidate must have a bachelor's degree or higher from an accredited college or university and have 3 years of full-time personal financial planning experience. In addition, the candidate must complete a CFP board-registered program or hold one of the following: CPA, ChFC, Chartered Life Underwriter(CLU), CFA, Ph.D. in business or economics, Doctor of Business Administration or attorney's license. Once the designation is earned, the CFP must complete 30 hours of continuing education every 2 years.

ITEM 3: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. There is no information of this type to report.

ITEM 4: OTHER BUSINESS ACTIVITIES

Mr. Apple is a registered representative of Financial Telesis, Inc. ("Financial Telesis"). As a registered representative, he receives commissions for executing trades for broker/dealer clients at Financial Telesis. For mutual fund investments, he also receives trailing commissions. Trailing commissions are fees the mutual fund pays to registered representatives each year that a client owns a particular mutual fund. If you decide to use Financial Telesis and Mr. Apple to implement any recommendations made, Mr. Apple

receives commissions for those trades. In these situations, a conflict of interest exists between your interests and those of Mr. Apple.

Mr. Apple is an insurance agent registered with JHW Financial Services, Inc., the insurance division of Financial Telesis. If you elect to implement insurance recommendations through Mr. Apple, he will receive the normal and customary commissions. In these situations, a conflict of interest exists between the interests of the client and Mr. Apple. Clients are under no obligation to implement insurance recommendations through Mr. Apple.

You are under no obligation to implement investment, financial planning or insurance recommendations through Financial Telesis, JHW Financial Services, Inc. or Mr. Apple.

ITEM 5: ADDITIONAL COMPENSATION

Mr. Apple does not receive any economic benefit from any non-client for providing advisory services.

ITEM 6: SUPERVISION

Mr. Apple, Partner, is the owner and sole person providing investment advice on our behalf. His telephone number is (530) 272-1346.