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**Form ADV Part 2A
Brochure**

This brochure provides information about the qualifications and business practices of Heritage Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at (781) 255-0214 and/or heritage@heritagefinancial.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Heritage Financial Services, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Heritage Financial Services, Inc. is a registered investment adviser. Any references to Heritage Financial Services, Inc. as a registered investment adviser or its related persons as registered Advisory Representatives does not imply a certain level of skill or training.

Item 2 - Material Changes

This is the initial disclosure brochure. Therefore, there are no material changes to disclose.

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

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Item 4 - Advisory Business

Heritage Financial Services, Inc. (hereinafter referred to as “Heritage”) is a fee-based adviser that provides advisory and asset management services.

A. Heritage was founded in 1990 and incorporated under the laws of the state of Massachusetts in 1996. Heritage was registered with the state of Massachusetts from September 2000 until July 2005. Heritage filed for investment adviser registration with the SEC in July of 2005. Charles S. Bean III, is the President, Chief Compliance Officer and an Advisory Representative. He has been in the financial services industry since 1990. James Scally, is the Vice President and an Advisory Representative. He has been in the financial services industry since 1996. Additional business information about Chuck, Jim and Heritage’s advisory representatives is disclosed in our Supplemental Brochures.

B. Heritage offers the following advisory services, with each service more fully described below:

- Asset Management
- Selection of Independent Money Managers
- Financial Planning/Consulting Services

These services may be general in nature or focused on particular areas of interest or need depending upon each client’s unique circumstances.

Asset Management Services

An initial free, no obligation meeting is offered to introduce Heritage’s services and fees. Once there is mutual agreement and desire to consider working together, we will request a number of documents to help understand your overall financial situation.

Heritage will gather financial information and history from you such as your financial and retirement and goals, investment objectives, investment time horizon, tolerance for risk, financial needs, cash flow analysis, education needs, savings tendencies, and other applicable financial information. All information gathered from you is confidential.

After evaluating the information gathered by Heritage, we will determine which asset allocation would be most suitable for you. From there, we customize your investment portfolio taking into consideration your limitations or restrictions, and your personal financial goals and objectives. We have asset allocation models to assist us in general portfolio construction.

Heritage will schedule a meeting with you and present the recommended portfolio allocation. If you are satisfied with our recommendations and decide to engage Heritage for advisory services, we will have you sign an Asset Management Agreement. We will then implement the initial portfolio allocation. After we implement the initial portfolio allocation and with your written approval as indicated in the Asset Management Agreement, we will provide continuous and ongoing management of your account using our own discretion to determine any changes to the account. Unless otherwise expressly requested by you, Heritage will manage the account and will make changes to the allocation as deemed appropriate by Heritage. Heritage will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you.

Heritage primarily uses institutional open-ended mutual funds including no-load funds and alternative investments. However, managed accounts are not exclusively limited to mutual funds and alternative investments and may include stocks and bonds, certificates of deposits, government securities, exchange traded funds (ETFs), money markets, annuities and REITs. When consistent with investment objectives, we may also recommend accredited investors invest in private placement securities (limited partnerships), which may include debt, equity, and/or pooled investment vehicles. Heritage will receive no additional compensation from investments in private placement securities but will continue to receive asset management fees for those assets under management.

Heritage also offers discretionary asset allocation services and investment recommendations to clients regarding variable annuity products, 529 college savings plans, and/or individual employer-sponsored retirement and deferred compensation plans. We either direct or recommend the allocation of assets among the various mutual fund and investment choices offered by the variable annuity product, 529 plan or retirement/deferred compensation plan. Your assets are maintained at either the specific fund company or insurance company that issued the variable annuity or 529 plan product or at the custodian designated by the sponsor of your retirement/deferred compensation plan.

Selection of Independent Money Managers

Heritage may recommend that certain clients authorize the active discretionary management of a portion of their assets to certain independent investment managers (“Independent Managers”) based on the client’s stated objectives. If you decide to engage an Independent Manager, we will provide you with the Independent Manager’s disclosure statement. Heritage will provide ongoing monitoring and rebalancing of your account and we will review the account performance. We will receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the Independent Manager. Heritage is authorized to terminate or change Independent Managers when, in our sole discretion, we believe that termination or change is in your best interest. Fees charged by Independent Manager may be exclusive of, and in addition to, our fee. Some Independent Managers may impose more strict account requirements than Heritage. As a result, we may adjust account requirements and/or billing policies to facilitate your relationship with the Independent Manager.

Financial Planning/Consulting Services

Heritage will gather financial information and history from you about your financial goals, investment objectives, investment time horizon, financial needs, cash flow analysis, education needs, savings tendencies, and other applicable financial information in order to provide the planning services you request. Heritage will prepare a written financial plan and present the analysis and recommendations for steps to be taken to work towards your financial goals.

The plan is based on your financial situation at the time and on the financial information you disclose to Heritage. Certain assumptions will be used with respect to anticipated tax rates, future rates of return and inflation as well as the use of past trends and performance of the market and the economy. However, past performance is in no way an indication of future performance. Heritage cannot offer any guarantees or promises that your financial goals and objectives will be met. Furthermore, you must continue to review and update the plan as changes occur with the assumptions used and/or there are changes in your financial situation, goals, or objectives. If your financial situation or investment goals or objectives change, you must notify Heritage promptly. You are advised that the financial advice offered by Heritage may be limited and is not meant to be fully comprehensive. Based on your specific

needs or situation, you may need to seek the services of other professionals such as a banker, an insurance adviser, attorney and/or accountant.

You are not obligated to implement financial planning advice through Heritage. However, if you do choose to implement the financial plan with us, you will need to engage us for advisory services by signing our Asset Management Agreement.

C. Heritage will tailor the advisory services to your individual needs. You may impose restrictions and/or limitations on investing in certain individual securities or types of securities. We will ask you to complete a client data gathering form and risk tolerance questionnaire to assist us with obtaining information about your financial situation and history. We will conduct an interview and data gathering session to continue the due diligence process. The information gathered by Heritage will assist us in providing you with the requested services and customize the services to your financial situation. Depending on the services you have requested, we will gather various financial information and history from you including, but not limited to:

- Financial needs
- Financial and retirement goals
- Investment objectives
- Investment time horizon
- Bank, investment and retirement statements
- All sources of income
- All planned expenditures
- Tax returns
- Education needs
- Savings tendencies
- Other applicable financial information required by our firm in order to provide the investment advisory services you have requested.

D. Heritage does not participate in any wrap fee programs.

E. As of December 31, 2010, we have approximately \$614 million of client assets under our discretionary management.

General Information

The investment recommendations and advice offered by Heritage is not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. Our primary goal is to help our clients identify and pursue their financial goals, thereby enhancing the overall quality of their lives.

Item 5 - Fees and Compensation

A. Advisory fees are in accordance with the following tiered fee schedule. Fees are subject to change, and are based on the aggregate value of all managed accounts within the established household.

Account Size	Maximum Annual Fee
First \$500,000	1.20%
Next \$500,001 to \$1,000,000	1.00%
Next \$1,000,001 to \$2,500,000	.80%
Next \$2,500,001 to \$5,000,000	.60%
Next \$5,000,001 to \$10,000,000	.40%
Greater than \$10,000,000	.30%

*Note: At Heritage's discretion, client accounts from one household may be consolidated with client accounts from other households to aggregate account values for fee calculations. The annual fee may then be based on an aggregate value of all accounts within the combined household. Included in the householding will be any assets managed by independent investment managers in addition to other outside assets under Heritage's management. These assets may include, but not be limited to, variable annuity products, 529 college savings plans, and/or individual employer-sponsored retirement and deferred compensation plans.

Our fees are negotiable and we sometimes make exceptions to our general fee schedule under certain circumstances (e.g., responsibilities involved; accounts or groups of accounts which are expected to have significant capital additions in the future; anticipated future earning capacity; related accounts; account composition; pre-existing client; account retention; pro bono activities, etc.). In such cases, lower or higher fees or different payment arrangements can be negotiated with each client separately and will be described in the client's asset management agreement. Fees are not based on a share of capital gains or capital appreciation of the funds or any portion of the funds in your account. Heritage may change the above fee schedule upon 30-days prior written notice to you

You may make additional deposits to or partial withdrawals from the account at any time, subject to Heritage's right to terminate an account that falls below the minimum account size. Additional deposits made during a quarter for amounts equal to \$25,000 or more will be assessed a prorated fee for the remainder of the quarter. Withdrawals made during a quarter for amounts equal to \$25,000 or more will be credited with a prorated credit for the remainder of the quarter. If at any time account assets are less than the minimum size described below, your asset management agreement may be subject to termination, or modification, and you may be subject to a minimal annual fee of \$6000 at our discretion. No fee adjustments will be made for account appreciation or depreciation.

B. Fees are collected in advance, after the end of each calendar quarter and are based on the value of the Client's portfolio as of the last day of the previous quarter. The fees will be charged to and collected directly from your account, provided you have given Heritage written authorization to debit the fee. While advisory fees are deducted from your Schwab account, the value of the portfolio may include, but is not limited to, assets under our management held at Schwab, mutual fund or variable annuity companies, retirement plans such as 401(k) and 403(b), 457s, pension plans, and deferred compensation

plans (herein referred to as “other institutions”). In the case of multiple accounts, we may debit aggregate fees from a single or multiple accounts at your request or upon our recommendation as permissible by law. If the account is established during the middle of a quarter, you will pay a pro-rated portion of the advisory fee based upon the number of days the account was under Heritage’s management. You will be provided with an account statement from Schwab reflecting the deduction of the advisory fee. If your account does not contain sufficient funds to pay the advisory fees, we have the limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. Except for ERISA and IRA accounts, you may reimburse your account for advisory fees paid to Heritage.

C. In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian’s transaction fee schedule. You may also pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the account. These fees are not charged by Heritage and are charged by the product sponsor or account custodian. Heritage does not share in any portion of these fees. Additionally, you may pay your proportionate share of the fund’s management and administrative fees and sales charges as well as the mutual fund adviser’s fee of any mutual fund they purchase. These fees are not shared with Heritage and are compensation to the fund-manager. For full disclosure, you should read the mutual fund prospectus and/or offering memorandum for each investment. Securities transactions (i.e., Stocks, Bonds, REITS, Limited Partnerships, ETFs, Managed Futures, Private Placements, etc.) will be purchased, sold or custodied with the minimum transaction and custody fees imposed by the custodian.

D. The asset management fee is billed quarterly in advance. Fees will be based on the value of your total portfolio as of the last day of the previous quarter.

You may terminate investment advisory services obtained from Heritage, without penalty, upon verbal or written notice within five (5) business days after entering into the asset management agreement with Heritage. You will, however, be responsible for any fees and charges incurred from third parties as a result of maintaining the account, such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, you or Heritage may terminate investment advisory services with verbal or written notice to the other party. If investment advisory services are terminated during a quarter, you will be charged a pro-rata portion of the advisory fee for the quarter up to the date the assets are transferred out. Any unearned, pre-paid fees will be refunded to you based upon the market value of the account on the date the assets were transferred out.

Financial Planning/Consulting Services

Separate from the asset management program and only upon mutual agreement between Heritage and a client, we offer financial planning/consulting services on both a fixed fee and an hourly basis. Fees are negotiable and are charged in accordance with the fee schedule below.

Our fixed fee ranges from \$500 to \$10,000. Your fee will be dependent on several factors including time spent with Heritage, number of meetings, complexity of your situation, amount of research, services requested and/or staff resources. The fee is payable with one-half (1/2) deposit due when we execute the advisory agreement and the balance due at the time of presentation of the financial plan/consulting service or as invoiced, unless we negotiate a different arrangement with you.

Our hourly fee is \$250 per hour. We will invoice you as services are rendered. Generally, we will invoice you for all time spent each month.

The Financial Planning/Consulting advisory agreement, unless otherwise stated, is in effect through the delivery of final documentation and/or consulting services, unless you terminate our services prior to that date. You may terminate investment advisory services obtained from Heritage, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Heritage. Thereafter, either you or Heritage may terminate the agreement at any time with five (5) days prior notice. Notice will be in writing and delivered to the appropriate party's last known address. You will be responsible for any time spent by Heritage. Any unearned, pre-paid fees will be refunded to you within 30 days of the termination request for any reason. There is no provision for refunds for work which has already been performed.

Fees for financial planning/consulting services are strictly for planning/consulting services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Item 6 - Performance-Based Fees and Side by Side Management

This section is not applicable to Heritage since Heritage does not charge performance based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 - Types of Clients

Heritage's services are primarily geared toward high net worth and non high net worth individuals, trusts and estates, pension and profit sharing plans, charitable organizations, foundations, and corporations.

The minimum account size to obtain asset allocation/portfolio monitoring services is generally \$500,000. Accounts below these minimums may be accepted on an individual basis at our discretion. Such circumstances may include, but not be limited to, 1) additional assets will soon be deposited or 2) the client has other accounts with Heritage. You should be aware that performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested since fluctuations in the market may affect smaller accounts more.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

A. Heritage conducts economic and fundamental analysis focusing on global equities, fixed income and alternative investments. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, financial structure and relative valuations compared to other investment options. Investing in securities involves the risk of loss that you should be prepared to bear, including the potential loss of the principal money you are investing. Therefore, your participation in any of the management programs offered by Heritage requires you to be prepared to bear the risk of loss as well as the fluctuating performance of your accounts. Market values of investments will always fluctuate based on market conditions.

B. We do not represent, warrant or imply that the services or methods of analysis we use can or will predict future results, successfully identify market trends or insulate you from any losses. The primary risk involved with fundamental and economic analysis includes under or over allocating funds to certain asset classes or individual securities. Past performance is no indication of future performance. No

guarantees can be offered that your goals or objectives will be achieved. Furthermore, no promises or assumptions can be made that the advisory services offered by Heritage will provide a better return than other investment strategies.

C. As stated above in Item 4, Heritage primarily uses institutional open-ended mutual funds including no-load funds and alternative investments in client portfolios. The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers and/or the fund straying from its stated investment objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian delivers to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's website. The risks with alternative investments include the costs and expenses within the investment that can impact performance, change of managers and/or the investment straying from its stated objective. Additional risks with regards to alternative investments include illiquidity, difficulty to determine the current market value of the asset and there may be limited historical risk and return data. Heritage will provide clients with disclosure documents from the recommended product sponsor which describes all of the disclosures, fees, risks, and features of the alternative investment.

Item 9 - Disciplinary Information

There is no reportable disciplinary information for Heritage, its managers or financial advisers. **For Massachusetts Residents:** Massachusetts General Laws Section 203A requires disclosure that information about the disciplinary history and the registration of Heritage and its associated person(s) may be obtained by contacting the Public Reference Branch of the Securities and Exchange Commission at (202) 942-8090 or the Massachusetts Securities Division at (617) 727-3548.

Item 10 - Other Financial Industry Activities and Affiliations

A. & B. Heritage does not have a related person who is a: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

C. Heritage nor its management has a relationship with any of the following entities: broker/dealer, municipal securities dealer, or government securities broker/dealer, investment company or other pooled investment vehicle, other investment adviser or financial planner, futures commission merchant, commodity pool operator or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer or sponsor syndicator of limited partnerships.

D. As noted in Item 4B above, Heritage may recommend the services of Independent Money Managers.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

A. Heritage has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. Heritage takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as our policies and procedures. Further, we strive to handle your non-public information in such a way to protect information from falling into the hands of anyone who has no business reason to know such information. We provide you with our Privacy Policy which details our procedures for handling your personal information. Heritage maintains a Code of Ethics for its Advisory Representatives, supervised persons and office staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, our Code of Ethics establishes our firm's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

B. Neither Heritage nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.

C. Heritage and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, Heritage and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. They will not put their interests before your interest. Neither Heritage nor any associated person may trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.

D. Heritage is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Furthermore, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. Heritage and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

Item 12 - Brokerage Practices

A. The Custodian and Brokers We Use

Heritage does not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15-Custody, below). Your assets must be maintained in an account at a "qualified custodian", generally a broker-dealer or bank. We primarily recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. At times, we may utilize other qualified custodians to hold your assets. We are independently owned and operated and are not affiliated with Schwab or any other qualified custodian. The qualified custodian will hold your assets in a brokerage account and buy and sell securities with our instruction. While we will recommend a qualified custodian to hold your assets, you will decide whether to do so and will open the account directly at the qualified custodian with our assistance.

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
- 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, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded fund [ETFs], limited partnerships)
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services
- Competitiveness of the price of those services 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

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. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. 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. 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
- 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. 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 \$615 million in client assets under management, and we do not believe that recommending our clients to 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.

B. Due to the individual management of client accounts, we do not aggregate the purchase or sale of securities for various client accounts.

Item 13 - Review of Accounts

A. We will attempt to contact you at least annually to determine if there have been any changes to your financial situation or investment objective(s). Our office will be reasonably available to you, during

normal business hours, for consultation regarding the management of your account. You must notify Heritage of any changes to your financial situation, goals and objectives, whereas such changes may require us to review the portfolio allocation and make recommendations. You agree to notify us promptly if you identify any errors, or have any questions or concerns about the accuracy of any item in an account statement or transaction confirmation. Accounts will be reviewed on a periodic basis unless otherwise requested by the client. Reviews are conducted by the research staff, analysts, and financial advisers at Heritage.

B. Heritage will monitor for changes or shifts in the economy, changes to the management and structure of mutual funds, limited partnerships, or other investment vehicles in which your assets are invested, and market shifts and corrections. We will also review client accounts if there is a change in their investment objective or if significant contributions or withdrawals are made to/from their account. In addition, we may review accounts for tax loss selling, change in a client's tax situation, or a change in the tax code.

C. You will be provided statements at least quarterly directly from Schwab, other account custodians and/or other institutions where your assets are maintained. Additionally, you will receive confirmations of all transactions directly from Schwab, other account custodians and/or other institutions where your assets are maintained. All non-retirement accounts and retirement accounts for those clients taking distributions will receive an annual tax reporting statement after the first of each year. In addition, at least once a year, all fee-paying clients will receive a performance report. You should compare the report with statements received directly from the account custodian(s). Should there be any discrepancy, the account custodian's report will prevail. You may request internet access to view certain account information online. Other than the initial plan or analysis, there will be no other reports issued for financial planning/consulting services.

Item 14 - Client Referrals and Other Compensation

A. 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. Product vendors recommended by Heritage may provide monetary and non-monetary assistance with client events, provide educational tools and resources. We do not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. Heritage's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you and us.

B. Heritage may pay referral fees to independent solicitors for the referral of clients to us, in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. This referral fee is a share of our asset management fee. Additionally, Heritage may act as a solicitor for other investment advisers, in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940. If the referred client decides to engage the investment adviser for advisory services, Heritage will be compensated for the referral by payment of a portion of the advisory fee assessed by the investment adviser. Either arrangement will not result in higher costs to the client. All clients will be given full written disclosure describing the

terms and fee arrangements between Heritage and the investment adviser. Additionally, all applicable federal and state laws will be observed.

Heritage may also engage the services of a sub-advisor to provide financial planning services to certain clients. Heritage will pay the sub-advisor a portion of the asset management fee it receives from the client. This will not result in any additional costs to the client.

Item 15 - Custody

With the exception of the deduction of Heritage's advisory fees from your accounts, Heritage does not take custody of your funds or securities. The qualified custodian maintains actual custody of your assets. You will receive account statements directly from the qualified custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the qualified custodian. You should carefully review those statements promptly when you receive them.

Item 16 - Investment Discretion

You may grant Heritage authorization to manage your account on a discretionary basis. You will grant such authority to Heritage by execution of the asset management agreement. You may terminate the discretionary authorization at any time by giving us written notice.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any investment management account;
- 3) With the exception of the deduction of Heritage's advisory fees from your account, (provided you have authorized these automatic fee deductions), we will not have the ability to withdraw your funds or securities from your account.

Item 17 - Voting Client Securities

Heritage does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact your Advisory Representative about questions you may have and opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

Item 18 - Financial Information

A. Heritage does not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service; therefore, a balance sheet is not required to be attached.

B. Heritage has discretionary authority over client accounts; however that authority does not extend to the withdrawal of any client assets, with the exception of deduction of Heritage's advisory fees from your accounts. Heritage is financially stable and there is no financial condition that is likely to impair our ability to meet our contractual commitment to you or any other client.

C. Heritage has never been the subject of a bankruptcy petition.