

Firm Brochure
(Part 2A of Form ADV)

MARATHON FINANCIAL ADVISORS
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This brochure provides information about the qualifications and business practices of MARATHON FINANCIAL ADVISORS. If you have any questions about the contents of this brochure, please contact us at: 408-828-7942, or by e-mail at: IPLAN@SBCGLOBAL.NET. The information in this brochure has not been approved by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about MARATHON FINANCIAL ADVISORS is available on the SEC's website at www.adviserinfo.sec.gov

Registration as an investment adviser does not imply a level of skill or training.

May 3, 2012

Item 2 Material Changes

Annual Update

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

Material Changes since the Last Update

The SEC adopted new rules and rule amendments under the Investment Advisers Act of 1940 to implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As a result, we are no longer eligible for SEC registration. We are in the process of switching from federal to state oversight, and the transition must be complete by June 28, 2012. Once the transition is complete, our investment advisory business will be regulated by the California Department of Corporations.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 408-828-7942 or by e-mail at: IPLAN@SBCGLOBAL.NET.

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Item 4 Advisory Business

Firm Description

MARATHON FINANCIAL ADVISORS was founded in 1983.

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

MARATHON FINANCIAL ADVISORS is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Investment advice is provided, with the client making the final decision on investment selection. MARATHON FINANCIAL ADVISORS does not act as a custodian of client assets. The client always maintains asset control. MARATHON FINANCIAL ADVISORS places trades for clients under a limited power of attorney.

A written evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone at 408-828-7942, is free of charge and is considered an exploratory interview to determine the extent to which investment management may be beneficial to the client.

Principal Owners

Lynda Johnson is a sole proprietor doing business under the name Marathon Financial Advisors.

Types of Advisory Services

MARATHON FINANCIAL ADVISORS provides investment supervisory services, also known as asset management services; furnishes investment advice through consultations; issues special reports about securities; and issues, charts, graphs, formulas, or other devices which clients may use to evaluate securities.

As of March 5, 2012, MARATHON FINANCIAL ADVISORS manages approximately \$55,000,000 in assets for approximately 40 clients all on a non-discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Advisory Service Agreement

Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; investment management (including performance reporting); education planning; retirement planning; as well as the implementation of recommendations within each area.

Asset Management

Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. MARATHON FINANCIAL ADVISORS does not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), corporate debt securities, commercial paper, certificates of deposit, municipal securities, and mutual funds shares), U. S. government securities,

Initial public offerings (IPOs) are not available through MARATHON FINANCIAL ADVISORS.

Material Conflicts of Interest

All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding our firm, our representatives and any employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying MARATHON FINANCIAL ADVISORS in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, MARATHON FINANCIAL ADVISORS will refund any unearned portion of the advance payment.

MARATHON FINANCIAL ADVISORS may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, MARATHON FINANCIAL ADVISORS will refund any unearned portion of the advance payment.

Item 5 Fees and Compensation

Description

Our annual fee for asset management services is based upon a percentage of assets under management at an annual rate of 1%.

Performance figures quoted by MARATHON FINANCIAL ADVISORS are after their fees have been deducted.

Subsection (j) of Rule 260.238, California Code of Regulations requires that all investments advisers disclose to their advisory clients that lower fees for comparable services may be available from other sources.

Fee Billing

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Payment in full is expected upon invoice presentation. Fees may be deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

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

Expense Ratios

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

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

Past Due Accounts and Termination of Agreement

MARATHON FINANCIAL ADVISORS reserves the right to stop work on any account that is more than 60 days overdue. In addition, MARATHON FINANCIAL ADVISORS reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in MARATHON FINANCIAL ADVISORS' judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 15 days.

Item 6 Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

MARATHON FINANCIAL ADVISORS does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Item 7 Types of Clients

Description

MARATHON FINANCIAL ADVISORS generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations.

Account Minimums

The minimum account size is \$500,000 of assets under management, which equates to an annual fee of \$ 5,000

MARATHON FINANCIAL ADVISORS has the discretion to waive the account minimum. Other exceptions will apply to employees of MARATHON FINANCIAL ADVISORS and their relatives, or relatives of existing clients.

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

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that MARATHON FINANCIAL ADVISORS may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, and the World Wide Web.

Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Risk of Loss

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

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular

underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Code of Ethics

The employees of MARATHON FINANCIAL ADVISORS have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

MARATHON FINANCIAL ADVISORS and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the MARATHON FINANCIAL ADVISORS *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of MARATHON FINANCIAL ADVISORS is Lynda Johnson. She reviews all employee trades each quarter. Her trades are reviewed by Rebecca Ulrich. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Item 12 Brokerage Practices

Selecting Brokerage Firms

MARATHON FINANCIAL ADVISORS does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. MARATHON FINANCIAL ADVISORS recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

MARATHON FINANCIAL ADVISORS recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab & Co. and TD Ameritrade.

MARATHON FINANCIAL ADVISORS does not receive fees or commissions from any of these arrangements.

Best Execution

MARATHON FINANCIAL ADVISORS reviews the execution of trades at each custodian each quarter. The review is documented in the MARATHON FINANCIAL ADVISORS *Compliance Manual*. Trading fees charged by the

custodians is also reviewed on a quarterly basis. MARATHON FINANCIAL ADVISORS does not receive any portion of the trading fees.

Soft Dollars

MARATHON FINANCIAL ADVISORS receives a software maintenance credit of about \$ 800 per year from Charles Schwab & Company because some client assets are custodied at Schwab. This credit offsets annual maintenance fees for our portfolio management software. All clients benefit from this credit as it reduces the firm's overall expenses.

The selection of Charles Schwab & Company as a custodian for clients is not affected by this nominal credit.

Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

Item 13 Review of Accounts

Periodic Reviews

Account reviews are performed quarterly by advisors Lynda Johnson, Owner and Matthew Johnson. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Clients receive periodic communications on at least a quarterly or semi annual basis. Clients receive written quarterly updates. The written updates may include a net worth statement, portfolio statement and recommended changes if warranted.

Item 14 Client Referrals and Other Compensation

Incoming Referrals

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

Referrals Out

MARATHON FINANCIAL ADVISORS does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Item 15 Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by MARATHON FINANCIAL ADVISORS.

Net Worth Statements

Clients are frequently provided net worth statements and net worth graphs that are generated from our client relationship management system. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

Item 16 Investment Discretion

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Item 17 Voting Client Securities

Proxy Votes

MARATHON FINANCIAL ADVISORS does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, MARATHON FINANCIAL ADVISORS will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Item 18 Financial Information

Financial Condition

MARATHON FINANCIAL ADVISORS does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because MARATHON FINANCIAL ADVISORS does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$500 per client, and six months or more in advance.

Item 19 Requirements for State-Registered Advisers

The following individuals are the principal executive officers and management persons of MARATHON FINANCIAL ADVISORS:

- Lynda A. Johnson, Sole Proprietor/Chief Compliance Officer

Information regarding the formal education and business background for Lynda Johnson is provided in her respective Brochure Supplement.

MARATHON FINANCIAL ADVISORS is not engaged in any business activity other than giving investment advice.

Neither MARATHON FINANCIAL ADVISORS nor our supervised persons are compensated for advisory services with performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. MARATHON FINANCIAL ADVISORS and our management personnel have no reportable disciplinary events to disclose.

Neither MARATHON FINANCIAL ADVISORS nor our management personnel have a relationship or arrangement with any issuer of securities.

Part 2B of Form ADV: *Brochure Supplement*

Lynda Ann Johnson

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May 3, 2012

This brochure supplement provides information about Lynda Ann Johnson that supplements the Marathon Financial Advisors brochure. You should have received a copy of that brochure. Please contact Lynda Ann Johnson if you did not receive Marathon Financial Advisors' brochure or if you have any questions about the contents of this supplement.

Item 2. Educational Background and Business Experience

Lynda Ann Johnson

Year of Birth: 1946

Education:

- Simpson College, B.A. in Business Administration, 1968

Professional Designations:

- Certified Financial Planner® (CFP®)

The program is administered by the Certified Financial Planner Board of Standards Inc. Those with the CFP® designation have demonstrated competency in all areas of finance related to financial planning. Candidates complete studies on over 100 topics, including stocks, bonds, taxes, insurance, retirement planning and estate planning. In addition to passing the CFP certification exam, candidates must also complete qualifying work experience and agree to adhere to the CFP Board's code of ethics and professional responsibility and financial planning standards.

Business Background:

- Marathon Financial Advisors, Sole Proprietor/CCO, 1982 - Present

Item 3. Disciplinary Information

Lynda Johnson has no history of any disciplinary events.

Item 4. Other Business Activities

Lynda Johnson is not engaged in any other business or occupation.

Item 5. Additional Compensation

Lynda Johnson does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

Item 6. Supervision

Lynda Johnson, as Sole Proprietor and Chief Compliance Officer, is responsible for the supervision and monitoring of investment advice offered to advisory clients of Marathon Financial Advisors. She can be reached at (831) 644-0402. Lynda Johnson will review all employee personal securities transactions on a quarterly basis, oversee all material

investment policy changes, and conduct periodic testing to ensure that client objectives and mandates are being met.

Item 7. Requirements for State-Registered Advisers

Lynda Johnson has never been the subject of a bankruptcy petition nor has she ever been involved in any of the following events:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.

Part 2B of Form ADV: *Brochure Supplement*

Matthew Michael Johnson

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May 3, 2012

This brochure supplement provides information about Matthew Johnson that supplements the Marathon Financial Advisors brochure. You should have received a copy of that brochure. Please contact Matthew Johnson if you did not receive Marathon Financial Advisors' brochure or if you have any questions about the contents of this supplement.

Item 2. Educational Background and Business Experience

Matthew Michael Johnson

Year of Birth: 1974

Education:

- Arizona State University, B.S. in Business, 1999
- West Valley College, A.A., 1996

Business Background:

- Marathon Financial Advisors, Sole Proprietor/CCO, 2004 – Present
- Charles Schwab & Co., Inc., Registered Representative, 1999 - 2004

Item 3. Disciplinary Information

Matthew Johnson has no history of any disciplinary events.

Item 4. Other Business Activities

Matthew Johnson is not engaged in any other business or occupation.

Item 5. Additional Compensation

Matthew Johnson does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

Item 6. Supervision

Lynda Johnson, Sole Proprietor and Chief Compliance Officer, is responsible for the supervision and monitoring of investment advice offered to advisory clients of Marathon Financial Advisors by Matthew Johnson. She can be reached at (831) 644-0402. Lynda Johnson will review all employee personal securities transactions on a quarterly basis, oversee all material investment policy changes, and conduct periodic testing to ensure that client objectives and mandates are being met.

Item 7. Requirements for State-Registered Advisers

Matthew Johnson has never been the subject of a bankruptcy petition nor has he ever been involved in any of the following events:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
- (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.