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**Firm Brochure**  
**PART 2A of Form ADV**

**ITEM 1**  
**Cover Page**

This brochure was last updated on February 21, 2012.

This brochure provides information about the qualifications and business practices of Balliett Financial Services Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at 407-740-5113. 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 Balliett Financial Services, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. The CRD number for Balliett Financial Services, Inc. is 105284.

If you have any questions about the contents of this brochure, please contact Richard L. Almeida, Chief Compliance Officer, who is responsible for Balliett Financial Services, Inc.'s regulatory requirements, at 407-740-5113.

Registration with the SEC and state securities authorities as a registered investment adviser does not imply a certain level of skill or training. It does, however indicate that a registered investment adviser is regulated by the applicable governmental agency.

## **ITEM 2**

### **Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV,” adopting new rules which amend the disclosure document (“Brochure”) that we provide as required by SEC Rules. Accordingly, this brochure is materially different in structure and requires certain new information that our previous brochure did not require. Pursuant to the new SEC rules, we will ensure that all our current clients receive this brochure, in its entirety, by May 31, 2011.

In this Summary of Material Changes, we discuss only the material changes since the last annual update of this Brochure, which was on March 10, 2010:

- (1) We provide additional disclosures regarding material conflicts of interest, which may exist, and how we manage those conflicts in order to keep our clients’ best interests first at all times.
- (2) We provide a more extensive review of our investment policies and practices, the risks related to those strategies, and the risk of specific asset classes or investment products we may recommend to our clients.
- (3) We further detail our firm practices with regard to our non-acceptance of “custody” of client accounts. We have chosen to utilize independent qualified custodians, National Financial Services, LLC and National Advisors Trust Co. for the safety of our clients’ funds. These qualified custodians provide separate monthly statements, directly to our clients, detailing their account holdings. Please refer to Custody on page 11 of this Brochure. We also encourage each of our clients to carefully review the account statements received from the qualified custodians, and to compare those statements to the quarterly portfolio statements our firm provides.
- (4) We include the new Form ADV, Part 2B for each of our investment advisors who directly provide advice to you, or who may assist in the management of your investment portfolio. Please refer to Form ADV, Part 2B Financial Advisor Biography.

As of July 21, 2011, Balliett Financial Services, Inc., will switch from Security and Exchange Commission registration to State of Florida registration. This change will be made to satisfy a Dodd-Frank Wall Street Reform and Consumer Protection Act requirement that the SEC concentrate on regulation of investment advisers with assets under management of \$100 million or more. Since BFS has less than \$100 million under management, we will be regulated by the Florida Division of Securities.

### ITEM 3

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## **ITEM 4**

### **Advisory business**

#### **Our Firm's History**

Balliett Financial Services, Inc. (BFS) has been in business for over 25 years as a fee-only financial planning and asset management firm. We provide information and advice on securities, especially stocks, exchange-traded funds, and no-load mutual funds, most areas of personal finance and some business finance. Our information and advice covers a broad range of issues, from basic family and business finances, to wealth management and employee benefits.

#### **Our Owner**

Balliett Financial Services, Inc., is owned solely by one shareholder, Howard Eugene (Gene) Balliett. He is assisted in making major decisions for the firm by Dolores (Dee) Balliett and Philip Balliett.

#### **Assets Under Management**

As of January 4, 2011, BFS had approximately \$30 million under management for 95 client accounts. All are managed on a discretionary basis.

#### **Non-Participation in Wrap Fee Programs**

BFS does not sponsor a fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services and the execution of client transactions.

#### **Advisory Service Offered**

BFS offers three types of service to individual clients.

1. Annual Retainer
2. Portfolio Management
3. Hourly Consultation

Each of these services is described in detail on pages 5-6, Fees and Compensation.

Financial planning, estate planning, tax planning, and risk management planning services are generally delivered upon client engagement for such services, with planning issues prioritized and then addressed, either one at a time or over the course of several conferences.

BFS will consider all publicly traded investments, but primarily recommends to its clients stocks, ETFs (exchange traded funds), and no-load mutual funds. BFS also considers investments held in 401(k), 403(b), and other qualified retirement accounts. We often evaluate the holdings of such plans when constructing an over-all investment program for a client.

## **ITEM 5**

### **Fees and compensation**

BFS receives no compensation from any third party. We work for our clients not for commissions.

**Annual Retainer.** Balliett Financial Services, Inc. provides full service planning for an annual retainer of \$1,900, paid in advance. The renewal fee of \$950 is due on or before the expiration of the preceding period. Clients may revoke their relationship with BFS at any time. On cancellation, BFS will refund a pro-rata portion of the prepaid fee.

**Portfolio Management.** This service is an extra-cost optional service made available to annual retainer clients. The minimum account that we accept for portfolio management is \$100,000. The fees for our asset management service are computed as a percentage of assets under management. Investment management fees are billed and payable quarterly, in advance, based on the total value of the account on the last day of the previous quarter. The amount charged per quarter is based on  $\frac{1}{4}$  of the annual fee. The annual fees are:

|                                     |            |
|-------------------------------------|------------|
| For the first \$500,000.....        | 2.0%, plus |
| For \$ 500,001 to \$1,000,000 ..... | 1.5%, plus |
| For \$1,000,001 to \$4,000,000..... | 1.0%, plus |
| For amounts over \$4,000,000.....   | 0.8%       |

Discounted fees are negotiable for amounts substantially over \$5,000,000.

Clients may elect to be billed for the fees or have them deducted from the assets of their accounts.

When assets are invested in mutual funds the fund expenses are deducted by the fund company from each fund's net asset value. In addition, some mutual funds may have so-called "12(b)-1" fees equal to not more than 0.25 % of net asset value and directed to our custodian. Neither the fund expenses nor the 12(b)-1 fees are ever paid to or held by Balliett Financial Services. Clients will also incur brokerage and other transaction costs, which according to current regulation, do not have to be revealed by the mutual fund company. BFS does not receive any part of these costs.

For an extended discussion of brokerage practices in general, see page 9.

**Financial Counseling.** BFS provides financial counseling on an hourly basis for \$150 an hour to those who choose not to be an annual retainer client. If the client later chooses to become an annual retainer client, the hourly charges will be deducted from the initial retainer fee. Clients may also arrange a complimentary get-acquainted meeting.

To avoid a conflict-of-interest situation whereby BFS would collect excessive fees by extending counseling sessions beyond the required time, the length of each meeting is discussed and agreed on in advance.

## **ITEM 6**

### **No performance-based fees, no side-by-side management**

This item is not applicable to Balliett Financial Services, Inc. BFS does not accept performance-based fees, nor manage accounts that impose performance-based fees. No member of the BFS team will ever accept compensation for the purchase or sale of any investment product.

(Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. "Side-by-Side Management " refers to accounts paying performance-based fees being managed alongside accounts under other advisory programs.)

## **ITEM 7**

### **Types of clients**

Balliett Financial Services, Inc. provides investment advice primarily to individuals and their families. Investing in securities involves risk of loss, including principal, that clients should be prepared to bear.

BFS also may provide investment advice to pension and profit sharing plans, as well as trusts, estates, charitable organizations, corporations, and other business entities.

#### **Required Minimum Client Assets under Management**

For portfolio management clients, BFS requires a minimum of \$100,000 in assets.

## **Item 8**

### **Methods of analysis, investment strategies, and risk of loss**

#### *Generally*

BFS provides the investment strategy and its implementation for clients, both advisory and discretionary portfolio management, using a variety of securities including stocks, exchange-traded funds, no-load mutual funds (no sales commission), U.S. government securities, and interests in partnerships. All BFS clients receive the benefit of our developed strategies, research, and due diligence.

The BFS Investment Committee establishes the overall investment strategies employed by the firm and approves of particular investments, which may be used by advisors of our firm. The investment committee members are Howard Eugene (Gene) Balliett, Dolores (Dee) Balliett, Philip Balliett, Kathleen Stevens, and Richard Almeida.

Expansive investment analysis, portfolio management systems, and research databases are drawn upon by BFS in order to provide our investment services. Each of our full service clients receives a written Investment Policy Statement.

In designing investment plans for clients, BFS relies upon the information supplied by the client as to the client's financial situation, lifetime goals and objectives, investment time horizon, and perceived current tolerance for risk.

All clients are placed in one of four risk categories: aggressive, moderate, conservative, or risk averse. Aggressive accounts hold stocks that tend to be smaller and more volatile than stocks in the other risk categories and must be watched more closely for price swings. Stocks in the moderate and conservative categories have larger minimums for market capitalization and

higher safety ratings from investment services. Risk averse accounts are largely limited to conservative allocation and short-term bond funds.

Some stocks may be sold in market downturns to protect accumulated earnings and to reduce possible losses while others may be retained because of their reliable dividend yields. The yields rise as the share prices fall, and such securities take on some characteristics of fixed-income investments.

By law, we cannot and do not make promises with regard to investment performance. From time to time we remind clients that no one can know the future and that every investment thus carries risk of loss because of inflation and the quality of the market, individual companies, and the economy – as well as political risks and acts of God.

Rising interest rates cause bond prices to fall – even those issued by the U.S. Treasury Department. Only bonds held to maturity are free of interest-rate risk but are impacted by inflation and certain other risks. To lessen the losses from fixed-income investment, we use a selection of short-term bond mutual funds or ETFs (exchange-traded funds) that have rarely lost significant value in 12 months or less.

## **ITEM 9**

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary event of the firm or management personnel. BFS has no infractions and no disciplinary issues. Our employees have had no infractions and no disciplinary issues.

Balliett Financial Services possesses no legal or disciplinary events, which, in the judgment of BFS's Chief Compliance Officer, are required to be disclosed under the guidelines for such disclosure promulgated by the U.S. Securities and Exchange Commission.

## **ITEM 10**

### **Other financial activities and affiliations**

Chief Operations Officer Dolores Balliett is the managing partner of several land development LLCs. These LLCs are in no way connected with Balliett Financial Services. Her principle business activities are secondary activities; her primary focus is directed to Balliett Financial Services.

Neither she nor any other of us at BFS offers or recommends or accepts any involvement with clients in any realty project she is working with, and she does not even discuss the acquisition of any of such properties with them.



## **ITEM 11**

### **Code of ethics, participation, or interest in client transactions and personal trading**

#### **We seek to avoid conflicts of interest.**

BFS is a fiduciary because we receive compensation for providing investment advice and have discretionary investment authority over client assets. Fiduciaries owe their undivided loyalty to their clients and cannot receive any benefit for themselves from its services other than collecting agreed-on fees.

All BFS employees are aware of their responsibilities under these fiduciary standards and applicable laws, as embodied in the fiduciary oath adopted by the National Association of Personal Financial Advisors.

#### **We subscribe to the NAPFA Fiduciary Oath:**

I shall act in good faith and in my client's best interest at all times.

I shall provide written disclosure to my client of any conflict of interest that may compromise my impartiality or independence.

I shall not accept any referral fees or compensation that is contingent upon the purchase or sale of a financial product.

#### **Participation or interest in client transactions and personal trading**

The BFS code of ethics requires quarterly reports of all personal securities transactions by all staff members which are due no later than 30 days after the close of the calendar quarter in which the transaction takes place. This procedure enables the Compliance Officer to determine if anyone associated with BFS is buying or selling the same investments at the same time that we are buying or selling for our clients. Otherwise, it could be a case of "front running," whereby the employee is acting in his or her own interest, separately from that of the client.

#### **Protection of material nonpublic information**

No BFS employee may trade, either personally or on behalf of others, while in possession of material, nonpublic information, nor may such BFS personnel communicate material nonpublic information to others in violation of the law.

#### **Clearance for investments not publicly trade**

Before investing in any investment not publicly traded, a BFS employee must first obtain the approval of the chief compliance officer. That approval is given only after a determination that the purchase will not in any way conflict with the interests of BFS clients. Any such transaction would be disclosed to each client offered the same investment.

#### **Advice on Removal of Managed Assets to Acquire Outside Investment**

If a client asks for advice on taking assets from an account we manage to invest himself, BFS will inform him, in writing, of the conflict of interest situation that would arise. When we are satisfied that the client understands the situation, we will apply our best judgment to arrive at an unbiased answer.

## ITEM 12

### Brokerage practices

#### **Use of brokerage firms and custodians, generally**

Balliett Financial Services, Inc., uses the services of Ceros [formerly Rydex] Financial Services for brokerage services, National Financial Services, LLC as custodian, and National Advisors Trust Co. as both broker and custodian. These companies provide us with access to institutional trading and custody services at superior levels typically not available to retail investors.

We routinely check their speed of execution and the price arrived at after each trade and, once a year, compare its execution performance with at least two other brokers using the guidelines established by the SEC.

Neither Ceros/Rydex, National Financial, nor National Advisors Trust provides BFS with any research or other products or any service commonly referred to as “soft dollars” and ultimately paid for by collecting higher commissions from the clients.

Ceros/Rydex, National Financial, and National Advisors Trust understand the implications of BFS being a fee-only practice and do not expect payment for anything other than trade execution or custodial services. At the same time, representatives of these companies make themselves available to answer questions from BFS team members about unusual developments involving individual securities held by BFS.

BFS has investment discretion for nearly all the assets held by our clients. Our clients are not permitted to direct the investment of their assets that are under our management.

## ITEM 13

### Review of accounts

#### **Review of clients assets and accounts**

All securities purchased by Balliett Financial Services, Inc. and held in client accounts are reviewed daily by **Error! Contact not defined.** and Richard Almeida to determine if they should be kept or sold. Market conditions are also analyzed daily to determine if securities should be sold or purchased.

Accounts are reviewed monthly by Kathleen Stevens.

#### **Portfolio reports provided to clients**

##### *Quarterly Performance Reports*

BFS mails quarterly performance reports to all asset management clients. In addition, in January or February of each calendar year, every client is provided a realized gain and loss report and other information for any taxable accounts. This information will also be sent to a client’s accountant or tax preparer at the client’s written request.

##### *Monthly Statements*

Clients receive monthly statements directly from account brokers (National Financial Services or National Advisors Trust Company). These statements reflect the assets in the custodian’s

custody, together with each transaction executed in the account(s). Clients may elect to receive online statements instead of paper statements.

*Online access to account information*

If clients choose, they can have online access to their accounts held by the brokerages/custodians (Ceros/Rydex, National Financial Services or National Advisors Trust).

*Assets not held in brokerage accounts*

Some of our clients have invested in alternative investments. Clients receive periodic reports from their sponsors.

## **ITEM 14**

### **Client referrals and other compensation**

Balliett Financial Services, Inc. does not provide or accept compensation for client referrals.

Occasionally, BFS may refer clients to other professionals such as CPAs for tax preparation or attorneys for legal advice and document preparation. The client is charged directly by these professionals; at no time is BFS compensated by anyone other than its clients.

## **ITEM 15**

### **Custody**

With a client's consent, BFS is provided the authority to arrange a deduction of its fees from the client's account. This process generally is more efficient for both the client and BFS, and there may be tax benefits for the client to this method when fees can be paid from a taxable account.

Balliett Financial Services, Inc., does not accept custody of any client's securities. We are not able to withdraw, transfer, or otherwise move securities or cash from any client account to our accounts or the account of any third party (other than for purposes of fee deductions, as explained above). This policy is intended to facilitate the safeguarding of client assets.

All of our clients receive monthly account statements directly from National Financial Services or National Advisors Trust, which are qualified custodians as defined by federal securities laws, and they maintain the assets.

We urge our clients to carefully review each account statement and compare it to the reports sent. We urge every client to compare statements in order to ensure that all account transactions, including deductions to pay advisory fees, remain proper, and to contact us with any questions.

**ITEM 16**  
**Investment discretion**

BFS accepts discretionary authority to trade securities for clients who provide a limited power of attorney to that effect. Each client's grant of discretion is evidenced in the Financial Planning Client Agreement signed by the client.

**ITEM 17**  
**Voting client securities**

BFS does not accept authority to vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies or other solicitations directly from the custodian. However, clients may contact us with questions regarding a particular proxy or other solicitation, and we may provide the advice requested.

**ITEM 18**  
**Financial information**

BFS does not require the prepayment of more than in \$1,200 in asset management fees per client six months or more in advance. Generally, BFS requires only the payment of fees for one calendar quarter when a client first signs the client services agreement for asset management. This prepayment will not exceed a period of three months and generally requires only payment for the remaining days in the current period and the fee for the next.

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**SEC Form ADV (Part 2 B)**  
**Supplemental brochure**

**ITEM 19**  
**Brochure supplement**

**Our investment-team members' education and business backgrounds**

**ITEM 1.** None of our advisors have outside business activities in which they spend 25% or more of their time and receive compensation.

**ITEM 2. Richard Almeida, CFP®\*, CRD #4657268**, was born in 1940. He graduated from the University of California-Davis in 1961 with a BS degree. He is a retired national bank examiner. He joined BFS in October 1999. Prior to his employment with BFS he owned his own consulting business in Ft. Lauderdale, Fla. Richard is the BFS compliance officer. He passed the NASD (National Association of Security Dealers) Series 65 examination. He does not receive performance based-based fees. He has not been involved in any arbitration claim alleging damages in excess of \$2,500. He has not been found liable in any civil, self-regulatory organization, or administrative proceeding.

**ITEM 3. Dolores (Dee) Balliett, MS, CRD #4336446**, was born in 1932, and graduated from Ohio Wesleyan University in 1954 with a BA degree. She joined BFS in 1986. In 1992 she earned a masters degree in mental health counseling from Nova University. She did two internships involving the counseling of women, children, and couples. Soon after, at Rollins College, she completed the 18-month course required for certification as a financial planner. With Gene, she has co-authored three books on personal finances and investment. She is the BFS chief of operations. She passed the NASD Series 65 examination. She does not receive performance-based fees. She has not been involved in any arbitration claim alleging damages in excess of \$2,500. She has not been found liable in any civil, self-regulatory organization, or administrative proceeding.

**ITEM 4. Howard Eugene (Gene) Balliett**, CRD #1758705, is the BFS chief investment officer and chairman. He was born in 1931. He served with the U.S. Air Force during the Korean War. He was graduated at the Ohio State University with a BA degree in 1956 and immediately recruited by the Cincinnati Enquirer, where he rose to assistant news editor (1956-1960). In 1960 he was recruited by Newsday, where he became a production editor. In 1962 he was recruited by Medical Economics magazine, where he became a senior editor (1962-67).

Before launching his career as a financial advisor in 1967, he was a senior editor of Medical Economics magazine, then headquartered in Oradell, N.J. He wrote three books for the Medical Economic Book Division in 1967-68. He was recruited by Harcourt Brace Jovanovich, New York, in 1969 as editor of Dental Management magazine. In 1970 he was promoted to editor of Physician's Management magazine.

For 11 years (1967-1989), he conducted a three-day seminar on personal finances (The Gene Balliett Family Finances Seminar). In that time, about 13,500 couples registered. Gene has been a financial consultant since 1967. Since then, he has authored or co-authored 13 books on management, personal finances, and investment. He does not receive performance-based fees.. He has not been involved in any arbitration claim alleging damages in excess of \$2,500. He has not been found liable in any civil, self-regulatory organization, or administrative proceeding.

**ITEM 5. Philip Balliett** was born in 1956, CRD #2332629. He graduated from Boise (Idaho) State University with a BA degree in 1978. He joined Dun & Bradstreet's headquarters as a mainframe software programmer and systems analyst. In 1983, BFS recruited him to serve as chief of information technology. He subsequently became the BFS specialist in technical securities analysis. He passed the NASD Series 65 examination. . He does not receive performance-based fees. He has not been involved in any arbitration claim alleging damages in excess of \$2,500. He has not been found liable in any civil, self-regulatory organization, or administrative proceeding.

**ITEM 6. Kathleen Stevens CFP®\***, CRD #3051298, was born in 1961. She graduated from Bethany College (WV) in 1983. She completed course work as a candidate for a masters degree in accounting at the University of New Haven (CT) in 1987. Before being recruited by BFS in January 1998, she was a financial analyst for Time Warner Communications. She passed the NASD Series 65 examination. She does not receive performance-based fees. She has not been involved in any arbitration claim alleging damages in excess of \$2,500. She has not been found liable in any civil, self-regulatory organization, or administrative proceeding.

\*The CFP® mark is a federally registered certification mark granted in the United States by Certified Financial Planner Board of Standards, Inc. This certification is a voluntary certification: no federal or state law or regulation requires financial planners to hold it. It is recognized by its high standard of professional education, a stringent code of conduct and standards of practice, and ethical requirements that govern professional engagements with clients.