

Item 1 – Cover Page

Compass Financial Advisors, LLC

Form ADV Part 2 Brochure

This brochure provides information about the qualifications and business practices of Compass Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 901-762-0080. 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 Compass Financial Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Compass Financial Advisors, LLC is 106809.

Compass Financial Advisors, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

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Item 2 – Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD). Compass Financial’s most recent update to Part 2 of Form ADV was made in March 2012.

There are no material changes from the prior version of our Brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting us at 901-762-0080, free of charge.

Additional information about Compass Financial is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Compass Financial who are registered, or are required to be registered, as investment adviser representatives of Compass Financial.

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Item 4 - Advisory Business

Since opening in 1994, Compass Financial Advisors (“Compass Financial”, “we” or “the Firm”) has made its clients’ goals its mission. Whether managing investments for individuals or recommending the right insurance plan for a growing business, Compass makes the most of client assets. The firm is owned by Thomas Wallace.

Experience, research, innovative thinking, and continuing training - These tools and talents give the Compass staff insight into the financial world. By actively managing every account according to client goals, we meet our mission.

Compass Financial Advisors, LLC is an independent and unbiased organization that assists individuals and companies in the implementation of a successful investment program tailored to meet its client's investment needs. This is done through a dynamic and interactive investment process. The process is made up of five steps:

1. Identify client's short and long term investment goals.
2. Quantify Investor's risk tolerance.
3. Review a full range of investment opportunities that are appropriate for the client.
4. Monitor the investment program at set intervals on an ongoing basis.
5. Adjust the investment targets accordingly to rebalance the allocation model.

All of the investment consulting work that Compass Financial Advisors, LLC performs:

- Risk Tolerance study
- Asset Allocation study and implementation
- Performance monitoring
- Ongoing investment due diligence
- Quarterly performance reports
- Annual review meetings of goals and objectives
- Annual capital gain/loss audit

We use core/satellite asset allocation models that are managed on a discretionary basis. The models invest primarily in Dimensional (DFA) Funds as the core and various ETFs and mutual funds as the satellites, depending on the client's risk tolerance. The DFA funds are highly diversified pure asset classes. They are extremely low cost funds (close to the expenses of the ETFs) that are not available to the general public. They can only be purchased through an approved DFA advisor. DFA uses the CAPM

single factor model by French and Fama, which explains market returns are based on a 3 factor model, market/size/price. Investments in mutual funds, money market funds, and exchange traded funds are effectively charged two management fees; one by Compass and one by the fund management company.

Our assets under management as of year-end 2011 are \$150,075,872 on a discretionary basis and \$63,216,952 on a non-discretionary basis.

Compass Financial Advisors, LLC is the investment manager of Kerrosen Global Fund, Ltd, an exempted company registered under the laws of the Cayman Islands. For its services, the Firm is paid a fee in the amount of 1.0% per annum calculated monthly in arrears and paid to Compass quarterly. Kerrosen Global Fund, Ltd is closed to new investors.

Compass Financial Advisors, LLC is the investment manager of Compass Global Management, Ltd, an exempted company registered under the laws of the Cayman Islands. For its services the Firm is paid a fee in the amount of 1.0% per annum calculated and paid monthly in arrears. Compass Global fund is one share class of Compass Global Management. Incentive Fee: Under the terms of the Investment Management and Administration Agreement, the Compass Global Fund will pay an incentive fee at the rate of 10% of any return in excess of Libor plus 2% on a quarterly basis. The Libor rate used in the fee calculation will be the corresponding 3-month rate for the quarter. Compass Global Management, Ltd is closed to new investors.

Compass Financial Advisors, LLC is the investment manager of the Traditional Investment Fund, Ltd an exempted company registered under the laws of the Cayman Islands. For its services, the Firm is paid a fee in the amount of 1.0% per annum calculated monthly in arrears and paid to Compass quarterly. For purposes of the Class B shares only, the Fund will pay an incentive fee of 10% of any return in excess of Libor plus 2% on a quarterly basis. The Libor rate used in the fee calculation will be the corresponding 3 month rate for the quarter. Traditional Investment Fund, Ltd is closed to new investors.

Compass Financial Advisors, LLC is the general partner of Prudent Partners, L.P. a Delaware limited partnership. For its services the Firm is paid a fee in the amount of 1.0% per annum calculated monthly in arrears for Class A and B partners and 1.5% per annum for Class C partners. The fee is waived in any month with negative performance for Class A partners. Class B and C partners also pay an annual performance fee in the amount of 10% on the excess return over prime plus 100 bps. The partnership only contains class A partners at this time. Prudent Partners, L.P. is closed to new investors.

Item 5 - Fees and Compensation

The fees for the allocation model are based on client assets. The fee schedule is as follows:

<u>Assets</u>	<u>Fee</u>
0 to 2,500,000	100 bps.
2,500,001 to 5,000,000	85 bps.

5,000,001 and above 75 bps.

Fees are deducted from the investment account quarterly based on the account value on the last day of the previous quarter.

Fixed income portfolios are managed through outside portfolio managers. Fixed income portfolios are charged a fee by the outside account manager and Compass Financial Advisors. The fees of Compass and the outside portfolio manager are based on account size and service provided. The maximum fee charged by the outside portfolio manager will be up to 35 bps on a quarterly basis.

All the services that Compass Financial Advisors, LLC provides can be billed at an hourly rate ranging from \$75 per hour to \$400 per hour depending on the task to perform and the employee doing the work. Compass Financial Advisors, LLC has a minimum fee of \$10,000 for an investment-consulting client, but the minimum fee can be waived if there is sufficient evidence that the long-term relationship can provide higher than the minimum fee in the future.

Fees are stated on an annual basis unless the task is a custom project. Compass Financial Advisors, LLC offers expertise to perform special one time projects (i.e. asset allocation study) for a mutually agreed upon fee that is determined before the commencement of the project.

Ongoing relationships are priced on an annual basis payable quarterly in arrears.

Previously, Compass Financial Advisors, LLC was an Intermediary/Third Party Marketer of Trans Europe Buyout Partners (TEBOP). The standard arrangement with intermediaries of TEBOP is a 1% marketing fee of the initial commitment and a 25% payout of the performance fee. This relationship is not currently available.

To the extent mutual funds are selected the annual advisory fee set forth above does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds including Rule 12b-1 fees and expenses. In addition to the annual advisory fee each mutual fund in which your assets are invested will incur separate investment advisory fees and other expenses for which you will bear a proportionate share.

The section referred to as "Brokerage Practices" further describes the factors that we consider in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation (e.g., commissions).

Termination

Compass Financial Advisors, LLC is retained by an on-going "At-Will" agreement. This agreement can be canceled, with or without cause, upon written notification by either party. Upon termination, the fee for a partial quarter will be based on the prorated number of days during the quarter that the contract was in effect. Any unearned portion of any fee paid in advance will be refunded to the client.

Fee Payment Options

As indicated in our advisory agreement with you, there are two options you may select to pay for our services:

- Direct debiting (preferred): each quarter we will notify your custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee, its calculation on the assets on which the fee is based. They will “deduct” the fee from your Account(s) or, if you have more than one account from the account you have designated to pay our advisory fees.
 - Each month (if no activity, quarterly), you will receive a statement directly from your custodian showing all transactions, positions and credits / debits into or from your account; the statements after the quarter end will reflect these transactions, including the advisory fee paid by you to us.

Additional Fees and Expenses

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management. Fees charged are by the broker dealer / custodian.

We do not receive, directly or indirectly any of these fees charged to you. They are paid to your broker, custodian or the mutual fund or other investment you hold. These fees may include:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial Fees;
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Deferred sales charges (charged by MFs);
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups / mark-downs on security transactions ;
- Among others that may be incurred.

In addition, we do not have or employ any employee that receives (directly or indirectly) any compensation from the sale of securities or investments that are purchased or sold for your account or to which we provide consulting expertise / services. As a result, we are a “fee only” investment adviser. We do not have any potential conflicts of interest present that relate to any additional (and undisclosed) compensation from you or your assets that we manage.

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

We charge performance based fees on the following funds: Compass Global Management, Ltd, Prudent Partners, L.P., and Traditional Investment Fund, Ltd. The fees and percentages charged are referred to in the section named Fees and Compensation above.

Item 7 - Types of Clients

We provide our services to individuals, including high net worth individuals, trusts, estates and charitable organizations, private equity (consulting only), corporations and or other business entities.

Compass Financial is the investment manager of Compass Global Management, Ltd, The Kerrosen Global Fund, Ltd., Prudent Partners, L.P, and the Traditional Investment Fund, Ltd. Compass Financial Advisors will use what it considers seasoned investment research and risk management strategies in its investing for the Funds, but the Fund should be considered high risk and speculative. Compass Global Management, Ltd and Prudent Partners, L.P are is only open to qualified investors. The Kerrosen Global Fund, Ltd. and the Traditional Investment Fund, Ltd are closed.

Minimum Account Size

Each of the funds that Compass Financial serves as investment manager requires a minimum investment amount. The minimums are as follows: \$100,000 for Prudent Partners, L.P., 1,000,000 euro for Compass Global Management, Ltd., and 100,000 euro (or currency of different share class) for the Traditional Investment Fund, Ltd. Fees and account sizes are subject to negotiation and may differ based on a number of factors, including, but not limited to, the amount of assets and the number and range of supplemental advisory and client related services.

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

Risk of Loss

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). As you know, stock markets, bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets. Investing in securities involves risk of loss that clients should be prepared to bear.

Our Investment Strategies

We offer several investment strategies to you and in doing so may invest in a wide range of securities and other financial instruments including:

- Equity securities
- Exchange-listed securities
- Over-the-counter securities
- Securities of foreign issuers (including ADRs, EDRs and GDRs)
- Rights
- Restricted shares
- Local access products
- Options contracts
- Futures
- Corporate debt
- Commercial paper
- Certificates of deposit
- United States government securities
- Municipal securities
- Investment company securities including variable life insurance products
- Variable annuities and mutual funds
- Interests in partnerships investing in real estate, oil and gas interests
- Swaps
- Forward contracts
- Options on futures contracts
- Cap options
- Floor options
- Interest and principal only strips
- Structured notes
- Listed and over the counter derivatives
- Mortgage related and other asset backed securities
- Bank loans
- Collateralized debt obligations
- Collateralized mortgage obligations
- Foreign currency forward agreements
- Repurchase and reverse repurchase agreements
- Private placements

As financial markets and products evolve, we may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with client guidelines, objectives and policies.

Security Analysis

Our security analysis methods include fundamental analysis. Compass Financial uses a passive asset allocation approach to investing. Using the efficient market theory, different allocation models are

created based on a client's risk tolerance. From this point the client's funds are invested in a core strategy using pure asset class funds. Compass also advises clients on investing using sector analysis as a satellite approach.

Sources of Information

In conducting security analysis, we utilize a broad spectrum of information, including financial publications, third-party research materials, annual reports, prospectuses, regulatory filings, company press releases, corporate rating services, and meetings with management of various companies.

We use a thorough due diligence process in evaluating potential managers for its fund of fund investments. This includes an in-depth analysis of the strategy, reviewing all documents, multiple calls with the fund manager and an on-site manager visit. This is necessary in evaluating all of the potential risk relating to the fund.

Investment Strategies

We employ a range of investment strategies to implement the advice we give to clients including: long-term purchases, short-term purchases, and trading.

Frequency Trading

Strategies involving frequent trading of securities can affect investment performance.

Item 9 - Disciplinary Information

We do not have any legal, financial or other "disciplinary" item(s) to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client / Adviser relationship with us.

This statement applies to our Firm, and every employee.

Item 10 - Other Financial Industry Activities and Affiliations

Compass Financial has significant control over Wallace Financial Group, Inc., which is a financial planning firm. This company sells variable annuity, life insurance and health insurance products.

Compass Financial has a relationship with Wallace Financial Group, Inc. This company sells insurance products used in estate planning, group benefits and voluntary products to its own clients of the firm. The products are fixed. This firm is a Tennessee corporation founded by Mr. Wallace in 1980. The firm receives commission on the products it sells to its clients.

There is an arrangement where a principal receives commissions from insurance product sales from a "non-client" of Compass Financial Advisors, LLC.

Item 11 - Code of Ethics

Compass Financial Advisors, LLC has adopted a Code of Ethics to ensure that securities transactions by Compass Financial Advisors, LLC employees are consistent with Compass Financial fiduciary duty to its clients and to ensure compliance with legal requirements and Compass Financial standards of business conduct. Compass Financial requires transaction confirmation and quarterly reporting. A written copy of Compass Financial Code of Ethics is available upon request to any client or prospective client.

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Compass Financial must acknowledge the terms of the Code of Ethics annually, or as amended.

We anticipate that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Compass Financial Advisors, LLC has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Compass Financial Advisors, LLC, its affiliates and/or clients, directly or indirectly, have a position of interest. Our employees and persons are required to follow Compass Financial Advisors, LLC's Code of Ethics.

Participation in Client Transactions

Subject to satisfying this policy and applicable laws, officers, directors and employees of Compass Financial and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Compass Financial Advisors, LLC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of the Firm's clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Compass Financial obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is Compass Financial policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Compass Financial will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its

own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Personal Trading

Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Compass Financial Advisors, LLC and its clients.

Prohibition on Use of Insider Information

We have also adopted policies and procedures to prevent the misuse of “insider” information (material, non-public information). A copy of such policies and procedures is available to any person upon request.

Item 12 - Brokerage Practices

Compass Financial places trades through Pershing Advisor Solutions, an introducing broker-dealer of Pershing, LLC.

Pershing Advisor Solutions, LLC (PAS) charges \$.015 per share for equity trades (\$10 minimum), \$1.5 per contract on options, \$15 per ticket for no-load mutual funds, \$10 per ticket for fixed income securities. For securities traded away from PAS there is a \$12 ticket charge.

Allocation of Investment Opportunities and Orders

We have adopted the following policies and procedures related to the fair allocation of investment opportunities. These policies are designed to help ensure that each client receives fair and equitable treatment in the investment process:

- Investment ideas and/or research analyst recommendations are equally disseminated among all appropriate investment professionals responsible for selecting investments.
- Transactions in the same security on behalf of more than one client are aggregated to facilitate best execution and to reduce brokerage commissions and/or other costs.
- When orders cannot be aggregated, we employ a trading rotation process that is fair and objective among institutional and private client accounts, managed account sponsors and passively managed accounts.
- Aggregated executions to participating accounts are allocated in a fair, equitable and objective manner and permissible reasons are delineated for deviating from the standard methodology and the related approval requirements.

- Secondary offerings are allocated using our standard methodologies taking into account situations in which securities are allocated by the issuer based on a client's existing holdings.
- Accounts in which our employees or affiliates have a beneficial interest, or in which Compass Financial Advisors, LLC has a conflict of interest, do not receive preferential treatment.

Our allocation procedures differ for each of our equity strategies.

Brokerage Selection

Broker Analysis

In an effort to achieve best execution, we consider the following factors in selecting brokers:

- Execution capability
- Order size and market depth
- Availability of competing markets
- Trading characteristics of the security
- Availability of accurate information comparing markets
- Quantity and quality of research received from the broker dealer
- Financial responsibility of the broker-dealer
- Confidentiality
- Responsiveness
- Ability and willingness to commit capital
- Availability of accurate information comparing markets
- The technology to process such data
- Other factors that may bear on the overall evaluation of best price and execution

We periodically review our transaction costs in light of current market circumstances, available published statistical analysis as well as other relevant information.

Principal vs. Agency Transactions

We do not participate in Principal or agency transactions.

Research Services/Soft Dollars

We do not participate in soft dollar arrangements.

Cross Transactions

It is our policy not to engage in buying or selling of securities from one managed account to another (typically referred to as a "cross trade"). The vast majority of trades made for our client accounts will be executed through the open market.

Trading Aggregation Practices

When we trade the same security in more than one client account, we generally attempt to batch or “bunch” the trades in order to create a “block transaction.” Generally, buying and selling in blocks helps create trading efficiencies, prompt attention and desired price execution. We will place all or substantially all transactions to purchase or sell common stocks with the client’s “directed” broker, when applicable. (See the discussion below entitled, “**Directed Brokerage**”) Whenever possible, we will attempt to batch or aggregate trades for clients who use the same directed brokers in order to create a “block transaction.”

The commission amount and per share commission rate will differ between our clients with directed brokerage relationships due to the dollar value and the size (number of shares) of the trade for each account, and the total relationship between the client and their broker. Because each client may differ in portfolio size, investment objective, equity exposure and the extent of the relationship with their broker, we do not negotiate commission discounts on the block transaction itself.

Directed Brokerage

We may place all or a portion of the transactions with a broker with whom the client has a special advisory or consulting relationship. Such transactions are placed with a broker who may have provided manager selection services, performance measurement services, asset allocation services, or a variety of other consulting or monitoring assistance, all with the specific knowledge and full approval of the client.

We do not maintain agreements with referring brokers regarding our internal allocation of brokerage transactions. However, all or a sizable portion of a particular clients’ brokerage transaction business may be directed to a particular broker if the client has directed, agreed or stipulated us to do so. Commissions are not intended to compensate brokers for client referrals.

With regard to client directed brokerage, we are required to disclose that we may be unable to negotiate commissions, block or batch client orders or otherwise achieve the benefits described above, including best execution, if you limit our brokerage discretion. Directed brokerage commission rates may be higher than the rates we might pay for transactions in non-directed accounts. Also, clients that restrict our brokerage discretion may be disadvantaged in obtaining allocations of new issues of securities that we purchase or recommend for purchase in other clients’ accounts. It is our policy that such accounts not participate in allocations of new issues of securities obtained through brokers and dealers other than those designated by the client. As a general rule, we encourage each client to compare the possible costs or disadvantages of directed brokerage against the value of the custodial or other services provided by the broker to the client in exchange for the directed broker designation.

Other Fees in Connection with Trading

In our efforts to achieve best execution of portfolio transactions, we may trade securities for client accounts by utilizing electronic marketplaces or trading platforms. Some of these electronic systems may impose additional service fees or commissions. We may pay these fees directly to the provider of the service or these fees may be included in the execution price of a security. Our intention is that we

will only use such systems and incur such fees if we believe that doing so helps us to achieve the best execution of the applicable transaction, taking into account all relevant factors under the circumstances. For example, we will consider the speed of the transaction, the price of the security, our ability to block the transaction and other factors discussed in this Brokerage Practices section in connection with trading of stocks and bonds.

Item 13 - Review of Accounts

Retainer client's investment results are reviewed quarterly for conformance with stated goals, objectives, and risk levels with additional analysis of account performance, asset allocation and turnover in light of the guidelines jointly agreed upon with client. The reviews are performed by Thomas L. Wallace Sr., Janet Schwoerer and/or Kristi O'Quin

Thomas L. Wallace, Sr. reviews updates received from funds concerning performance, market conditions, staff turnover, risk and liquidity. On a quarterly basis calls are made by Thomas L Wallace, Sr. to fund managers to discuss their investment, business risks, and outlook on the funds. The firm also maintains performance and liquidity spreadsheets to judge the risk levels of the fund. Review meetings are held to evaluate allocations to strategies and individual managers. Weekly, monthly, quarterly material is reviewed by Thomas L Wallace, Sr.

At least quarterly, retainer clients are provided with a written report highlighting strategy performance year to date, quarter to date and since inception. In addition to a total portfolio overview, each individual account is broken out from the total and the same information is provided as above. A portfolio appraisal is included which shows the client all of their holdings at quarter end or a performance by security report for the quarter which shows all holdings, the return for each holding along with management fees. Various pie charts and line graphs are often included in the report. We also include for clients, who provide us with additional information on assets outside the management of Compass Financial, a financial statement of holdings. If the client has stock options we will also run reports updating clients on the status of the stock. These options are not managed by Compass and no fee is charged.

On a monthly or quarterly basis clients also receive account statements from the broker/dealer where their assets are held.

Investors in the Funds receive monthly unaudited account statements and a performance letter. On an annual basis they will receive audited financial statements of the fund and partnership tax information for domestic investors.

Item 14 - Client Referrals and Other Compensation

There is an arrangement where a principal receives commissions from insurance product sales from a "non-client" of Compass Financial.

Item 15 - Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Compass Financial urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Our firm has custody because of the related private investment companies disclosed in the section "Advisory Business". These private investment companies are audited annually and the investors receive financials.

Item 16 - Investment Discretion

Compass Financial usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Compass Financial observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Compass Financial in writing.

Discretionary Management

We have discretionary authority to make determinations regarding the securities that are to be bought and sold, as well as the quantities of such securities, for most clients. Such authority is provided in our contract with each client. In many cases, this discretion is subject to mutually agreed upon investment guidelines relative to the client's portfolio. We have model portfolio guidelines available for clients to adopt, in whole or in part, if they do not have their own. Client investment guidelines may or may not limit the scope of potential investments. As a result, clients can impose restrictions on investing in certain securities or types of securities. Within client guidelines and instructions, our Management Team (described above) makes decisions as to the nature and quantity of securities to be bought or sold.

Wrap Account Management

We do not participate in the management of wrap account programs.

Item 17 - Voting Client Securities

It is the general policy of Compass Financial Advisors, LLC to not take any action or render any advice in reference to the voting of proxies for those securities held in all client accounts.

Item 18 - Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Compass Financials' financial condition. Compass Financial has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, therefore have no material additional financial disclosures to make.

Business Continuity Plan

We have a Business Continuity Plan that addresses how the Firm will respond to events that may disrupt its business. If the main telephone line is inactive, the emergency number is 901-683-3602. If the emergency line is down, please contact your custodian. We will resume operations as quickly as possible (preferably within twenty-four hours) depending on the severity of the business disruption. Our Business Continuity Plan covers data backup and recovery, mission critical systems financial and operational assessments, alternative communications, alternate business locations, regulatory reporting and the assurance of prompt access to funds and securities for our customers. Additional details regarding the firm's Business Continuity Plan are available upon request.

Privacy Notice To Customers

We do not disclose nonpublic personal information about our individual clients or former clients except as permitted by law. We restrict access to nonpublic personal information about you (that we may obtain from your account and your transactions) to those employees who need to know that information to provide products or services to you or to alert you to new, enhanced or improved products or services we provide. We maintain physical, electronic and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information.

Note that corporate, municipal, and other institutional clients may be identified as such in our firm's representative client or reference lists (the identities of individual, i.e. "natural person" clients are never so disclosed absent written client permission).