

Item 1 – Cover Page

MOUNT VERNON ASSOCIATES, INC.

6080 Falls Road, Suite 200
Baltimore, Md 21209
(410)377-9780
www.mtvernonassoc.com

March 1, 2012

This Brochure provides information about the qualifications and business practices of Mount Vernon Associates, Inc... If you have any questions about the contents of this Brochure, please contact us at (410)377-9780 or generalmail@mtvernonassoc.com. 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.

Mount Vernon Associates, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Mount Vernon Associates, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 1, 2012 is an amended document prepared according to the SEC’s requirements and rules.

This Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

We do not have any material changes at this time that affects our clients.

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 Nancy V. O’Hara, Chief Compliance Officer at (410)377-9780 or generalmail@mtvernonassoc.com. Our Brochure is also available on our web site www.mtvernonassoc.com, also free of charge.

Additional information about Mount Vernon Associates, Inc. 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 Mount Vernon Associates, Inc. who are registered, or are required to be registered, as investment adviser representatives of Mount Vernon Associates, Inc.

Item 3 -Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 -Table of Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	4
Item 6 – Performance-Based Fees and Side-By-Side Management.....	5
Item 7 – Types of Clients	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 – Disciplinary Information.....	8
Item 10 – Other Financial Industry Activities and Affiliations.....	8
Item 11 – Code of Ethics.....	8
Item 12 – Brokerage Practices	13
Item 13 – Review of Accounts	14
Item 14 – Client Referrals and Other Compensation	14
Item 15 – Custody	14
Item 16 – Investment Discretion	14
Item 17 – Voting Client Securities.....	15
Item 18 – Financial Information	17

Item 4 – Advisory Business

Mount Vernon Associates, Inc. is an independent investment management firm founded in 1986 that is privately owned by its officers. The principal owner is Silas Winfield Cain. We manage financial assets for tax exempt institutions as well as taxable corporate and individual investors. The accounts will be managed on a discretionary basis, unless otherwise agreed upon. As of December 31, 2011 Mount Vernon had \$198,300,000 managed on a discretionary basis.

Mount Vernon Associates' primary concern is that portfolios are designed to meet the specific requirements of each client. A thorough evaluation of our clients' objectives, such as socially responsible, enables us to develop viable portfolios for a given investment environment. Each portfolio is assigned a primary and a secondary manager to ensure that we accomplish those objectives. Once these portfolios are developed, we believe that maintaining open lines of communication with each client is essential in order to answer questions they may have and to stay abreast of any changes in their investment goals. Every client is scheduled for a quarterly portfolio review. Interim reviews may also be scheduled. Quarterly reports sent to clients include an analysis of the portfolio structure as to the asset-mix and industry weightings, market value and cost of holdings, a transaction summary for the period, a review of the performance, and our market comments with an analysis for the preceding quarter and our outlook for the period ahead.

Mount Vernon Associates' clients benefit from our top down approach to both equity and fixed income management. We believe that superior performance is derived from the ability to recognize and respond to changes in the economy, the political arena, or developments within a company or an industry that will have a significant impact either positive or negative. This requires the expertise, confidence and flexibility to make investment decisions before the market has the opportunity to react to the information. All investment decisions are jointly reviewed by our investment policy committee.

For institutional clients, especially those with multiple managers, investment services do not extend beyond the assets managed by Mount Vernon Associates which may represent only one class of securities. While the advisory services offered to institutional clients is continuous, it does not take into account the overall financial position of the institution or the allocation of its other managed assets.

Also available, as an adjunct to equity management, is a value added covered call options program.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by Mount Vernon Associates, Inc. is established in a client's written agreement. Compensation is based on a percentage of the assets in each account under management. Fees are computed based on the market value of the assets in each client's account on the last trading day of the preceding quarter, and pro-rated for any portion thereof. The fees are stated as annual percentages, but are charged and payable quarterly in advance unless other arrangements are

negotiated. Under certain circumstances our fees are negotiable. The minimum fee is \$3,000.00 which may be waived. Clients may also elect to be billed directly for fees or to authorize Mount Vernon Associates, Inc. to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Outstanding options positions which have been written are treated as liabilities and deducted from total market value for accounting and billing purposes. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable, based on the most recent quarter end calculated daily thru proper notification of termination.

BASIC FEE SCHEDULE

.90% on the first	\$ 500,000
.75% on the next	\$ 500,000
.55% on the next	\$ 4,000,000
.40% on the next	\$ 5,000,000
.30% on the next	\$15,000,000
.20% on the remainder	

FIXED INCOME SCHEDULE

.50 of 1% on the first	\$ 5,000,000
.40% of 1% on the next	\$20,000,000
.35% of 1% on the next	\$205,000,000
.30% of 1% on the remainder	

COVERED CALL OPTIONS MANAGEMENT FEE SCHEDULE

All fees for accounts participating in the covered call options program are computed upon the market value of all shares of stock held in the portfolio which have options that are listed on a public exchange.

The annual fee for an incremental return option program is:

.50% on the first	\$ 500,000
.40% on the next	\$ 500,000
.25% on the next	\$ 4,000,000
.20% on the next	\$ 4,000,000
.15% on the next	\$21,000,000
.12% on remainder	\$30,000,000

Where the applicant manages the underlying equities, this fee is discounted by 20%.

Advisory fees charged by Mount Vernon Associates, Inc. are distinct and separate from the fees and expenses charged by exchange-traded funds and mutual funds, which may be used within client accounts for additional diversification. A description of these fees is available in each of the fund's prospectus. Additionally, fees charged by Mount Vernon Associates, Inc. does not include custodial fees (if applicable) and transaction costs paid to custodians, brokers or third parties involved in holding funds or completing trades on client's behalf. Clients should review all fees charged by Mount Vernon Associates, Inc. (as disclosed in our ADV and in our client contract), custodians, brokers and other parties to fully understand the total fees incurred. Additionally, note that Mount Vernon Associates, Inc. does not receive any portion of those fees incurred in custodial or brokerage relationships, nor from exchange-trade or mutual funds, used by clients or included in client portfolios. For any service rendered beyond those stated above, the client will be charged on a time and material basis.

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

Mount Vernon Associates, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Mount Vernon Associates, Inc. provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, private investment funds, trust programs, and other U.S. and international institutions.

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

Mount Vernon Associates applies a top down approach to equity management. We have seen over time that interest rates and the current stage within an economic cycle are the determining factors that will cause capital to shift from one investment sector to another. This, along with a risk adverse evaluation method for individual securities, assures our clients consistently above average returns with minimal risk.

Mount Vernon Associates' management philosophy focuses on identifying securities with growth potential that can be purchased at a price which brings our clients the maximum value available for their dollar. It is through our fundamental qualitative and quantitative research disciplines that we identify these undervalued companies in the marketplace. Our clients are therefore positioned to benefit from the growth of a strong market while avoiding substantial losses in a period of decline. This valuation process also identifies the price level at which a stock may have become overvalued, indicating the optimal timing for a sell decision.

Based on our economic outlook, we select those sectors and industries that will benefit from the particular phase of the economic cycle. Our portfolio managers who are responsible for the specific industries then identify those companies having the strongest fundamentals within them. After a company has passed the initial screenings, it is subjected to our quantitative analysis through the following criteria:

- Price to earnings ratio less than the S&P 500
- Expected earnings growth rate greater than S&P 500
- Return on equity greater than the S&P 500
- The price to book ratio less than S&P 500
- Dividend yield greater than S&P 500

Conversely these criteria may combine to form the basis of our sell discipline:

- The price to earnings ratio exceeds that of the S&P 500
- Relative expected earnings will be less than the S&P 500
- The return on equity is expected to falter
- The financial security appears to be weakening

Stock market investing involves risk of loss that clients should be prepared to bear. Loss of principal is possible. Mount Vernon may invest in small companies, which involve additional risks such as limited liquidity and greater volatility.

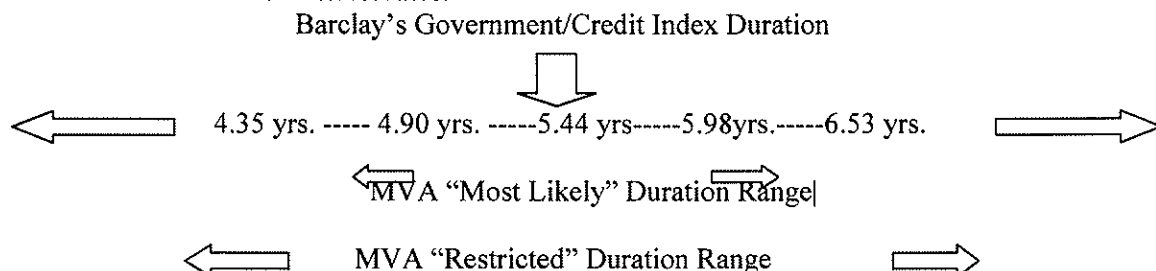
Bonds are not without risks!

Bond Risks:

- Interest Rate Risk – The risk that interest rates change (e.g., increase) and (negatively) impact portfolio returns.
- Reinvestment Risk – The risk that interest rates change (e.g., decline) and impact (lower) reinvestment rates.
- Prepayment Risk – The risk that a bond issue pays off principal early due to favorable conditions to the issuer.
- Credit/Default/Event Risk – The risk that an issuer's creditworthiness is impacted by changing financial conditions.

The Fixed Income Process at Mount Vernon Associates more about managing the risks of bonds than being intoxicated by their attractive income features. Our approach to the many risks of bonds is as follows:

1. Interest Rate Risk – As defined earlier, interest rate risk is the risk that a change in general market interest rates will impact returns. This risk is controlled by managing and limiting portfolio duration. By “cuffing” or “collaring” our portfolio duration, we limit our interest rate exposure to a narrow band around the benchmark. For example, if our benchmark is the Barclay's Government/Credit Index, with a duration of 5.44 years, our portfolios would not be expected to have a duration of less than 4.35 years (80% of 5.44), or greater than 6.53 years (120% of 5.44). Generally speaking, however, portfolio duration is most likely to be within a 10% band around the Index (i.e., 4.90-5.98 years). We do not typically aspire to make meaningful “statements” about the direction of interest rates.



2. Reinvestment Risk -- The prospect that changes in interest rates affects reinvestment rates can have a meaningful impact on portfolio performance. This is the “good news”/“bad news” risk. The “bad news” (declining reinvestment rates) is mitigated by the likely positive trajectory of bond prices (the “good news”), and therefore, portfolio performance. Likewise, the “good news” of increasing reinvestment rates also likely means “bad news” for bond prices and portfolio absolute returns. Some of this risk can be averted by actively selecting to avoid purchases of higher coupon (“cushion bonds”) that would require a costly premium to par and present larger reinvestment risk in a falling rate environment. Reinvestment risk can be further mitigated by actively trading out of higher coupon/“premium bonds” and into current coupon/“par bonds” or “discount bonds” (bonds that trade significantly below par).
3. Prepayment Risk – When conditions are favorable to the issuer, bonds may be redeemed or have principal paid down before the stated maturity date. This can be caused by:
 - Call Feature: the right of an issuer to redeem bonds at a pre-determined price(s) and on a pre-determined date(s)
 - Sink Feature: the right of an issuer to redeem part of an outstanding issue at a price and on a date set by the issuer

- Mortgage/ABS Paydown: the obligation of a mortgage/ABS holder to pay down monthly principal (and interest) payments as stated in the mortgage debenture, and the additional option to pay more principal down than the stated obligation
4. Credit/Default/Event Risk – The risk that this issuer cannot repay the debt or the perception that the issuer's ability to pay has changed or deteriorated presents the investor with the most vulnerability to the unsystematic risk of bonds. While credit ratings agencies do exist to guide bond investors as to the creditworthiness of issuers, it has been long suspected, but only recently proven, that strict reliance on this resource could be detrimental to the health of a bond portfolio. Therefore, we believe managing credit risk is the most critical of all fixed income disciplines.

While the other risks inherent in fixed income securities can be moderated or controlled somewhat, managing credit risk is the discipline through which investors can either add alpha to bond returns or suffer under the weight of deteriorating credits. At Mount Vernon Associates, this is the discipline through which we believe we can add the most value to fixed income performance.

All bonds are analyzed individually for their creditworthiness. This includes internal proprietary research that evaluates an entity's capital structure, competitive position, size, financial results, market strategy, corporate philosophy and economic prospects. By viewing a company like a stockholder, we can evaluate its attractiveness as a bondholder.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Mount Vernon Associates, Inc. or the integrity of Mount Vernon Associates, Inc.'s management. Mount Vernon Associates, Inc. has never had information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Mount Vernon Associates, Inc. and management persons are not broker-dealers, futures commission merchants, commodity pool operators, commodity trading advisors and have not applied to become any of these.

Mount Vernon Associates, Inc. serves as a sub- Advisor for Old Glory Asset Management's fixed income accounts. Since we are a sub advisor and have no knowledge of Old Glory's trading activity we feel that this does not create a material conflict of interest.

Item 11 – Code of Ethics

1. Purpose The purpose of the Code of Ethics ("Procedures") is to govern the personal securities trades of "access persons" (as defined below) of the Mount Vernon Associates, Inc. whose personal interests, in certain circumstances, may conflict with those of the Investment Adviser.

While the Investment Adviser has full confidence in the integrity of all of its employees, officers and directors, it recognizes that certain of these persons have or may have knowledge of present or future client transactions and, in certain circumstances, the power to influence transactions made by or for clients. If such individuals engage in personal transactions in securities that are eligible for investment by clients, these individuals could be in the position where their personal interest may conflict with the interests of clients.

2. **General Principles** These Procedures are based on the principle that access persons of the Investment Adviser owe a fiduciary duty to its clients. This duty includes the obligation to conduct their personal securities transactions in a manner that does not interfere with the transactions of any client or otherwise to take unfair advantage of their relationship with clients. In recognition of this duty, the Investment Adviser hereby adopts the following general principles to guide the actions of the access persons:

- a. Access Persons have a duty at all times to place the interests of clients first.
- b. Access Persons have the duty to conduct all personal securities transactions in a manner consistent with these Procedures and in such a manner to avoid any actual or potential conflict or abuse of a position of trust and responsibility.
- c. Access Persons must refrain from actions or activities that allow a person to profit or benefit from his or her position with respect to a client, or that otherwise bring into question the Access Person's independence or judgment.
- d. All personal securities transactions in securities by Access Persons must be accomplished so as to avoid even the appearance of a conflict of interests on the part of such Access Persons with the interests of a client.

3. **Definitions**

- a. Access Person means:
 - i. any director or officer of the Investment Adviser or employee; who in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding the purchase or sale of a Security by a Client, or whose functions relate to the making of any recommendations with respect to such purchases or sales;
 - ii. any natural person in a control relationship to the Investment Adviser who obtains information concerning recommendations made by the Investment Adviser with respect to the purchase or sale of a Security by a Client; and
 - iii. employee and employee traded accounts defined as:
 1. Any personal account of an employee;
 2. Any joint or tenant-in-common account in which the employee is a participant;
 3. Any account for relatives or others residing with the employee;
 4. Any account for an individual who is supported, directly or indirectly, to a material extent by the employee;
 5. Any account for which the employee acts as trustee, executor, guardian, personal representative, custodian or other similar role;
 6. Any account in which the employee has a direct or indirect financial interest.
- b. Beneficial Ownership means a direct or indirect pecuniary interest in a security, as set forth in Section 16 of the Securities Exchange Act of 1934, as amended. A person, for example, would be deemed to have a beneficial ownership of securities if he or she directly owned the securities, his or her spouse or minor children owned the securities, or if such person, by contract, arrangement, understanding or relationship, has sole or shared voting or investment power over the securities held by such person.
- c. Client means any person that has entered an investment management agreement with the Investment Adviser.

- d. Control means the power to exercise a controlling influence over the management or policies of a company, has a 25% or more ownership position of a company's equity securities, or otherwise controls a company as defined in Section 2(a)(9) of the Investment Company Act of 1940, as amended.
- e. Related Security means any security convertible within sixty (60) days into a Security and any future or option on the Security.
- f. Security means a security as defined in Section 2(a)(1) of the Securities Act of 1933, as amended, except that it does not include:
 - i. any security issued or guaranteed as to principal or interest by the U.S. Government, a U.S. government agency, or a U.S. government instrumentality;
 - ii. any security issued by a mutual fund unless the advisor acts as the investment advisor or principal underwriter for the fund; and
 - iii. Any money market instrument, including bankers' acceptances, certificates of deposit, and commercial paper.

4. Prohibitions

- a. No Access Person shall in connection with the purchase or sale by such person of a Security held or to be acquired by any Client:
 - i. employ any device, scheme or artifice to defraud such Client;
 - ii. make to such Client any untrue statement of a material fact or omit to state to such Client a material fact necessary in order to make the statements made not misleading;
 - iii. engage in any act, practice, or course of business that would operate as a fraud or deceit upon such Client; or
 - iv. Engage in any manipulative practice with respect to such Client.
- b. No Access Person may:
 - i. purchase or sell, directly or indirectly, a Security for his or her own account within seven (7) days before the time that the same Security or Related Security is being purchased or sold by any Client unless pre-cleared by the Compliance Officer; and
 - ii. Purchase or sell, directly or indirectly, a Security for his or her own account that is the same Security or Related Security that is the subject of a buy or sell recommendation to any Client.
- c. No Access Person shall verbally recommend any transaction in any Securities by any Client without having disclosed his or her interest, if any, in such Securities or the issuer thereof, including:
 - i. the Access Person's Beneficial Ownership of any Securities of such issuer;
 - ii. any contemplated transaction by the Access Person in such Securities;
 - iii. any position the Access Person has with such issuer; and
 - iv. Any present or proposed business relationship between such issuer and the Access Person (or a party that the Access Person has a significant interest in).
- d. No Access Person shall reveal any proposed transactions in Securities by one Client to another Client, any employee of the Investment Adviser, or any other person.
- e. No Access Person may acquire a Security in an initial public offering or private securities sale without the written consent of the compliance officer of the Investment Adviser.

5. Pre-Clearance of Securities Transactions

- a. Except as provided in Section 5.b., each Access Person may not purchase or sell any Security without first:

- i. providing the compliance officer the information set forth in Section 5.c prior to the trade; and
 - ii. Obtain pre-clearance from the compliance officer.
- b. The pre-clearance requirements of Section 5.a. shall not apply to the following transactions:
 - i. Purchase or sales over which the Access Person has no direct or indirect influence or control;
 - ii. Purchase or sales that are non-volitional on the part of the Access Person (e.g., purchases made pursuant to an automatic dividend reinvestment plan);
 - iii. Purchases or sales of securities that are not eligible for purchase by any Client; and
 - iv. Purchases effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its Securities.
- c. The following information shall be provided to the compliance officer pursuant to Section 5.a.i.: security, quantity, date of expected transaction, type of transaction, account.
- d. The compliance officer shall pre-clear transactions that appear, upon reasonable inquiry, to present no reasonable likelihood of harm to any Client.

6. Reporting

- a. Each Access Person shall report all transactions in Securities in which such Access Person has acquired any direct or indirect Beneficial Ownership.
- b. Reports shall be filed with the compliance officer within ten (10) days after the end of each calendar quarter. If there are no transactions which qualify for reporting, the word "None" is to be written on the report.
- c. Reports filed pursuant to this Section 6 shall contain the following information:
 - i. Name of the Access Person making the report;
 - ii. Date of the transaction;
 - iii. Title and number of shares involved;
 - iv. Principal amount of each Security involved;
 - v. Nature of the transaction (buy or sell);
 - vi. Price at which transaction was effected; and
 - vii. Name of the broker-dealer, bank or other financial institution through whom the transaction was effected.
 - viii. Certification statement that the Access person read understood and complies with these procedures.
- d. Every Access Person prior to opening an account at a broker-dealer or other financial institution shall:
 - i. Notify the compliance officer of the intent to open such account; and
 - ii. Direct each such broker-dealer or other financial institution to provide the compliance officer a duplicate copy of the monthly (quarterly*) account statement or furnish copy of monthly (quarterly*) statement issued to such Access Person.
- e. Each Access Person who owns Securities acquired in a private placement shall disclose such ownership to the compliance officer if such person is involved in any subsequent consideration of an investment in the issuer by a Client.

7. Certification

Every Access Person shall certify on a quarterly basis that he or she has:

- a. complied with these Procedures;
- b. read and understands these Procedures; and
- c. Disclosed and reported all transactions in Securities consistent with the requirements of these Procedures.

8. Compliance Officer Duties

- a. The compliance officer shall review and compare all reported transactions in Securities with:
 - i. the transactions of the Access Person indicated on his or her confirmations and account statements; and
 - ii. The transactions of clients of the Investment Adviser.
- b. If the compliance officer suspects that an Access Person has violated these Procedures, he or she shall investigate the alleged violation, and, as a part of that investigation, allow the Access Person an opportunity to explain why the violation occurred or did not occur.
- c. If the compliance officer concludes that an Access Person has violated these Procedures, he or she shall submit a report of such violation, his or her investigation of such violation, and his or her recommendation on what steps should be taken to address such violation, including recommending sanctions against the violator to the chief executive officer of the Investment Adviser.

*Many mutual funds only issue After reviewing the report of the compliance officer and any other relevant information, the chief executive officer and/or other officers designated to review violations of these Procedures, shall as he or she deems appropriate, impose a sanction on the violator, which may include a letter of censure, fine, forfeiture of profits, suspension, and/or termination of employment

9. Records

The following records shall be maintained by the Investment Adviser for a period of not less than five (5) years:

- a. A copy of these Procedures;
- b. Records of any violation of these Procedures and actions taken by the Investment Adviser in response to such violation;
- c. Copies of Access Person reports and broker-dealer confirmations and account statements; and
- d. Lists of Access Persons.

10. Training

- a. Each newly hired or newly designated Access Person shall receive a copy of these Procedures and shall be required to certify within thirty (30) days of receipt of such Procedures that he or she has read and understands the Procedures.
- b. The compliance officer shall review the Procedures with any newly hired or newly designated Access Person.

- c. The compliance officer shall require each newly hired or newly designated Access Person to file an initial report showing holdings of the most recent month end no later than 10 days after date of hire.
- d. The compliance officer shall at least quarterly review the requirements of the Procedures and the required duties of the Access Persons.

Upon request, any client or prospective client may receive a copy of Mount Vernon's Code of Ethics.

Item 12 – Brokerage Practices

Mount Vernon Associates does use soft dollar benefits to pay for proprietary research and third party research. Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits. Mount Vernon Associates does receive a benefit from this service since we do not have to pay for the service, but our choice of who we trade is monitored and reviewed. Brokers will be selected on the basis of research product, commission rates and execution capability. Research services will be evaluated on the quality of reports received, analyst contacts and other communications. Included in the data evaluated will be industry and company reports, economic forecasts, market analysis, and other such reports or services. The reasonableness of brokerage commission will be determined by an evaluation of the services rendered to satisfy the needs of clients. While Mount Vernon Associates will attempt to obtain and negotiate for competitive commission rates and discounts, the commission rates payable to a particular broker providing additional services, such as research and market analysis services, may be higher than the commission payable to brokers who offer no such services. All of the additional services offered by such brokers will be for the benefit of all clients. The applicant may subscribe for some services which may require that the applicant direct certain trades to certain brokers. Such arrangements are used only where the applicant believes that the arrangement would benefit client portfolios and all of these arrangements are reviewed periodically.

There is no limitation on the Mount Vernon Associates authority to determine the broker or dealer to be used or the commission rates to paid providing the client's assets are held in custody or trust by a bank. However, Mount Vernon Associates will generally favor the request of a client to direct trades to particular brokers or dealers, and generally attempts to obtain the fairest commission rates available.

Some clients may chose to have securities held in custody at a brokerage firm rather than a bank. With such arrangements, transactions for clients accounts cannot be included or grouped with other clients, but instead must be directed individually to the specific brokerage firm. Accordingly, the price paid or received in any security transaction may vary between clients. Likewise, the commission rate generally will be higher than the commission payable to brokers who do not provide custody services and with whom Mount Vernon negotiates commissions.

For those accounts whose assets are held in custody at a bank, trades may be bunched with other similar accounts. This allows a larger block of securities to be traded, and in turn, a lower commission rate can be

negotiated. Clients whose accounts are not held by a bank usually cannot participate in nor benefit from the lower commission rates negotiated from the bunched trades.

Item 13 – Review of Accounts

All portfolio managers are involved in the account reviews. Investment meetings will be held at least weekly, at which time general investment objectives and strategies will be reviewed for all accounts, and each account will generally be reviewed for performance, adding new purchases, selling existing positions or continuing to hold certain securities. The general investment decisions reached will usually be implemented in all accounts with similar objectives, unless there is a reason for the account manager to take a different position. More frequent reviews or special reviews of individual accounts may be preformed when directed by a particular circumstance such as changed market conditions or investment objectives, and may be necessitated by the performance of account.

A quarterly report will be sent to each client. The report will contain market comments, an investment performance schedule comparing the account with the appropriate comparative market index, summary of assets, appraisal, and a list of purchases and sales for the period and the invoice or copy of invoice, if paid by the broker. If requested by client, the reports may be customized to their preference.

Item 14 – Client Referrals and Other Compensation

Mount Vernon Associates, Inc. does not have any arrangements, oral or writing where we are paid cash or receive some economic benefit from a non-client in connection with giving advice to clients nor does Mount Vernon Associates directly or indirectly compensate any person for client referrals.

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. Mount Vernon Associates 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.

Item 16 – Investment Discretion

Mount Vernon Associates 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, as stated in our contract. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Mount Vernon Associate's discretionary authority with respect to securities to be bought or sold may be limited by specific guidelines furnished by the client in connection with its investment objectives. Such

limitations may include minimum quality ratings (as rated by rating services), minimum income requirements, the float of the securities, and/or legal or regulatory requirements to which the client may be subject. The applicant generally will not purchase in excess of 5% (in the aggregate) of the outstanding securities of any class.

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

Item 17 – Voting Client Securities

Proxy Voting Procedures

I Introduction

Mount Vernon Associates (the “Advisor”) have adopted and implemented policies and procedures that we believe are reasonable designed to endure that proxies are voted in the best interest of clients of Mount Vernon Associates (“Clients”), in accordance with our fiduciary duties and SEC rule 206(4)-6 under the Investment Advisers Act of 1940. Our authority to vote the proxies of our clients is established by our advisory contracts, and our proxy voting guidelines have been tailored to reflect these specific contractual obligations.

II Statement of Policies and Procedures

- A. Client’s Best Interest- Proxies are always voted in the best interest of the Client and for their well-being, even at the expense of the Adviser
- B. Conflicts of Interest- All material conflicts are resolved for the benefit of the client.
 - a. Determine if conflict exists
 - b. Notify Clients of potential conflict and obtain consent before voting
 - c. If consent is not granted the Adviser will refrain from voting on the conflicted issue
- C. Limitations- The Adviser does not have to vote proxies if any of the following conditions are present
 - a. If the effect on shareholders’ economic interests or the value of the portfolio holding is indeterminable or insignificant
 - b. The cost of voting the shares is prohibitive
 - c. If a Client elects to vote on own behalf
- D. Oversight- The Proxy Committee will oversee all proxy responsibilities.
 - a. Proxy Committee member include the Advisor president and chief compliance officer.
 - b. Proxy Committee members will review policies for timeliness and cost effectiveness on an ongoing basis.
- E. Availability of Policies and Procedures- After initial notification to our Clients, it is also available upon request and mailed annually to clients for whom we vote proxies.
- F. Disclosure of Proxy Voting Record- The Advisor will make the voting record available to clients upon request within 15 days of receiving a written request unless the client’s votes are done by a third party hired by the client, in which case they remain unavailable. The Advisor’s clients have the right to vote proxies on portfolio securities themselves, or to hire a third party to vote proxies.

III. Responsibility and Oversight

- A. The Advisor’s Compliance officer is responsible for overseeing the voting process and the Advisor’s administrator is responsible for administering the votes and recording them.

- B. Documentation- The advisor will keep accurate records of all voted proxies including the issue, date and way the shares were voted. The Policies and Procedures will be reviewed regularly for potential updates or clarification.
- C. The Advisor's portfolio managers will be responsible for notifying clients of potential conflict of interests.
- IV. A. Client Direction- The Advisor's responsibility for voting proxies is determined generally by its obligations under each advisory contract or brokerage or similar document.
- B. Voting Process
 - a. Receive Proxies
 - Administrator receives proxies and makes the Portfolio Managers aware of them.
 - b. Portfolio managers will then review and assess proxy issues, and if a conflict of interest is suspected, a meeting of the portfolio managers will occur to decide if a conflict actually exists.
 - i. A conflict of interest will be declared if the client's interests are at odds with those of the Advisor, the portfolio managers, or those with a pecuniary interest in the Advisor.
 - ii. If the Portfolio Managers determine there is a conflict of interest they will establish if the conflict is economically meaningful or potentially economically meaningful in nature.
 - iii. If the conflict is determined to be economically meaningful, or potentially economically meaningful in nature, the portfolio manager will notify the relevant clients in writing of the conflict and obtain consent to vote on the client's behalf.
 - iv. If the client refuses their consent the Advisor will not vote.
 - v. If the Advisor believes the issue to be economically meaningful and does not have client consent to vote on their behalf, the Advisor will urge the client to vote on their own behalf without giving an opinion about which way to vote.
 - c. Administrator is responsible for giving proxies to Portfolio Managers for all decisions regardless of nature (routine, specialized etc.) of the issues up for vote.
 - d. Proxy Committee is responsible for the proxy vote decision.
 - i. Proxy Committee will consider the impact on the share value for the expected holding period for the stock. Portfolio Managers may be asked for their input or for research to aid in the decision.
 - ii. Proxy Committee will also determine whether or not an issue is economically meaningful.
 - iii. Non-economically meaningful issues will usually be voted with company management unless the issue has symbolic significance that the Proxy Committee believes could affect share value.
 - e. The Advisor's administrator is responsible for carrying out the vote in accordance with the Proxy Committee's decision.
 - i. Proxy Committee will disclose their decision verbally or in writing directly to the administrator.
 - ii. Administrators will notify the appropriate institutions.
 - f. The Administrator will record the vote.
- C. Record Keeping- The adviser will keep records of the following:
 - a. The proxy policy and procedures.
 - b. Copies of the Proxy statements- the Advisor will rely on EDGAR or a third party.
 - c. Record of each vote cast
 - d. A record of the basis for the decision
 - e. All written requests from clients for specific voting direction

- f. Client request for proxy voting information
 - g. Any materials prepared by the Advisor that was material in making a proxy voting decision.
- D. Duration- Proxy voting records should be available for at least 5 years and in the office of the Advisor for at least two.
- E. Annually we mail the following letter to clients for whom we vote proxies:
 - “In accordance with Federal legislation we are providing a copy of our Proxy Voting Procedure to tell you how we vote your legal proxies and how you may obtain copies of your proxies. This letter is for your information only and requires no action on your part.
 - If you have would like to advise Mount Vernon on how you would like your proxies voted or if you would like to receive your proxies, please do not hesitate to let us know.”
 - We maintain a list of clients to whom these notices are sent.

Item 18 – Financial Information

Registered investment advisers are required to in this Item to provide you with certain financial information or disclosures about Mount Vernon Associates’ financial condition. Mount Vernon Associate 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.

Item 1- Cover Page**Silas Winfield Cain**

March 5, 2012

Mount Vernon Associates, Inc.
6080 Falls Road, Suite 200
Baltimore, Md 21209
(410) 377-9780

This Brochure Supplement provides information about Silas Winfield Cain that supplements the Mount Vernon Associates, Inc. Brochure. You should have received a copy of that Brochure. Please contact Nancy V. O'Hara, Chief Compliance Officer if you did not receive Mount Vernon Associates' Brochure or if you have any questions about the contents of this supplement.

Additional information about Silas Winfield Cain is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience**Silas Winfield Cain, Chairman of the Board**

Birth Year: 1931

Education: BS, University of Pennsylvania
MBA, Case Western Reserve University

Business Background (5 years):

Mr. Cain is currently Chairman of the Board. He previously served as President of Mount Vernon Associates and has been with Mount Vernon since inception in 1986. Other current affiliations include: Member of Sheppard Pratt Board of Trustees, Executive Committee and Risk Management Committee. Member of Friends School of Baltimore Investment Committee. Member of the Board of Directors and Treasurer of Govans Ecumenical Development Corporation.

Item 3- Disciplinary Information

Mr. Cain does not information is applicable to this Item.

Item 4- Other Business Activities

Mr. Cain is not actively engaged in any other investment related business or occupation.

Item 5- Additional Compensation

Mr. Cain does not receive additional compensations other than salary and regular bonuses.

Item 6 - Supervision

Mount Vernon Associates monitors the portfolio managers by having the investment committee review client transactions for appropriateness for the client's stated objectives. The committee consists of employees at the Vice President level or above. For further information contact Nancy V. O'Hara, Chief Compliance Officer, (410) 377-9780.

Item 1- Cover Page

Mark C. Sullivan

March 5, 2012

Mount Vernon Associates, Inc.
6080 Falls Road, Suite 200
Baltimore, Md 21209
(410) 377-9780

This Brochure Supplement provides information about Mark C. Sullivan that supplements the Mount Vernon Associates, Inc. Brochure. You should have received a copy of that Brochure. Please contact Nancy V. O'Hara, Chief Compliance Officer if you did not receive Mount Vernon Associates' Brochure or if you have any questions about the contents of this supplement.

Additional information about Mark C. Sullivan is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Mark C. Sullivan, President

Birth Year: 1959

Education: BA, Business and Economics, Lake Forest College

Business Background (5 Years):

Mr. Sullivan is President, and Chief Investment Officer. He is responsible for overall investment strategy, investment selection and timing, as well as research. Prior to January 1, 2010 Mr. Sullivan was Vice President at Mount Vernon Associates, Inc. since 1994. Mr. Sullivan currently serves as Chairman of the Investment Committee for Towson University Foundation.

Item 3- Disciplinary Information

Mr. Sullivan does not information is applicable to this Item.

Item 4- Other Business Activities

Mr. Sullivan is not actively engaged in any other investment related business or occupation.

Item 5- Additional Compensation

Mr. Sullivan does not receive additional compensations other than salary and regular bonuses.

Item 6 - Supervision

Mount Vernon Associates monitors the portfolio managers by having the investment committee review client transactions for appropriateness for the client's stated objectives. The committee consists of employees at the Vice President level or above. For further information contact Nancy V. O'Hara, Chief Compliance Officer, (410) 377-9780.

Item 1- Cover Page

Nancy V. O'Hara

March 5, 2012

Mount Vernon Associates, Inc.
6080 Falls Road, Suite 200
Baltimore, Md 21209
(410) 377-9780

This Brochure Supplement provides information about Nancy V. O'Hara that supplements the Mount Vernon Associates, Inc. Brochure. You should have received a copy of that Brochure. Please contact Nancy V. O'Hara, Chief Compliance Officer if you did not receive Mount Vernon Associates' Brochure or if you have any questions about the contents of this supplement.

Additional information about Nancy V. O'Hara is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Nancy V. O'Hara, Vice President and Chief Compliance Officer

Birth Year: 1959

Education: BA. Economics, University of Maryland, Baltimore County

Business Background (5 Years):

Mrs. O'Hara is Vice President and Chief Compliance Officer. Her responsibilities include firm compliance with all regulatory agencies as well as supervising operations and financial reporting and record-keeping as well as human resource. Prior to December 2006 she was Director of Operations for Mount Vernon Associates, Inc. since she joined Mount Vernon Associates in 1993.

Item 3- Disciplinary Information

Mrs. O'Hara does not information is applicable to this Item.

Item 4- Other Business Activities

Mrs. O'Hara is not actively engaged in any other investment related business or occupation.

Item 5- Additional Compensation

Mrs. O'Hara does not receive additional compensations other than salary and regular bonuses.

Item 6 - Supervision

Mrs. O'Hara reports directly to the President and Board. For further information contact Mark C. Sullivan, President, (410) 377-9780.

Item 1- Cover Page**Joseph Jordan Schlick**

March 5, 2012

Mount Vernon Associates, Inc.
6080 Falls Road, Suite 200
Baltimore, Md 21209
(410) 377-9780

This Brochure Supplement provides information about Joseph Jordan Schlick that supplements the Mount Vernon Associates, Inc. Brochure. You should have received a copy of that Brochure. Please contact Nancy V. O'Hara, Chief Compliance Officer if you did not receive Mount Vernon Associates' Brochure or if you have any questions about the contents of this supplement.

Additional information about Joseph Jordan Schlick is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience**Joseph Jordan Schlick, CFA, Vice President**

Birth Year: 1958

Education: BS, College of William and Mary
MBA, College of William and Mary
CFA, CFA Institute

Business Background (5 Years):

Mr. Schlick is Vice President and a member of the Investment Policy Committee. He is responsible for assisting in the development and implementation of the overall investment strategy, investment selection and timing.

Item 3- Disciplinary Information

Mr. Schlick does not information is applicable to this Item.

Item 4- Other Business Activities

Mr. Schlick is not actively engaged in any other investment related business or occupation.

Item 5- Additional Compensation

Mr. Schlick does not receive additional compensations other than salary and regular bonuses.

Item 6 - Supervision

Mount Vernon Associates monitors the portfolio managers by having the investment committee review client transactions for appropriateness for the client's stated objectives. The committee consists of employees at the Vice President level or above. For further information contact Nancy V. O'Hara, Chief Compliance Officer, (410) 377-9780.

Item 1- Cover Page

Marcia J. Zercoe

March 5, 2012

Mount Vernon Associates, Inc.
6080 Falls Road, Suite 200
Baltimore, Md 21209
(410) 377-9780

This Brochure Supplement provides information about Marcia J. Zercoe that supplements the Mount Vernon Associates, Inc. Brochure. You should have received a copy of that Brochure. Please contact Nancy V. O'Hara, Chief Compliance Officer if you did not receive Mount Vernon Associates' Brochure or if you have any questions about the contents of this supplement.

Item 2- Educational Background and Business Experience

Marcia J. Zercoe, Vice President

Birth Year: 1959

Education: BS, Economics and Finance, Towson University

Master of Finance, Loyola Graduate School of Business

Business Background (5 Years):

Ms Zercoe joined Mount Vernon Associates in January 2010 as a Vice President and Investment Strategist. She is responsible for investment strategy, investment selection and timing. Currently Ms. Zercoe serves as Chairman of the Investment Committee for Maryland State Teachers and Public Employees Supplemental Retirement Plan; Board of Visitors, Towson University; Board of Directors, Towson University Foundation.

Item 3- Disciplinary Information

Mrs. Zercoe does not information is applicable to this Item.

Item 4- Other Business Activities

Mrs. Zercoe is not actively engaged in any other investment related business or occupation.

Item 5- Additional Compensation

Mrs. Zercoe does not receive additional compensations other than salary and regular bonuses.

Item 6 - Supervision

Mount Vernon Associates monitors the portfolio managers by having the investment committee review client transactions for appropriateness for the client's stated objectives. The committee consists of employees at the Vice President level or above. For further information contact Nancy V. O'Hara, Chief Compliance Officer, (410) 377-9780.