



Part 2A of Form ADV: *Firm Brochure*

Mid Atlantic Financial Management, Inc.

1251 Waterfront Place
Suite 510
Pittsburgh, PA 15222

Telephone: 412-391-7077
Email: ksmith@macg.com
Web Address: www.macg.com

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This brochure provides information about the qualifications and business practices of Mid Atlantic Financial Management, Inc.. If you have any questions about the contents of this brochure, please contact us at 412-391-7077 or ksmith@macg.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.

Additional information about Mid Atlantic Financial Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 109771.

Item 2 Material Changes

This Firm Brochure, dated March 30, 2012, provides you with a summary of Mid Atlantic Financial Management, Inc.'s advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.

Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated March 31, 2011:

Item 5, Fees, and Compensation: We have changed disclosures related to ERISA plans.

Item 10, Other Financial Industry Activities and Affiliations: We have added disclosure of a related company, Mid Atlantic Trust Company.

Item 12, Brokerage Practices: We have revised disclosure regarding brokerage transactions through our related company, Mid Atlantic Capital Corporation.

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Item 4 Advisory Business

Mid Atlantic Financial Management, Inc. is an SEC-registered investment adviser with its principal place of business located in Pittsburgh, Pennsylvania. Mid Atlantic Financial Management, Inc. began conducting business in 1984.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company)

- Charles Albert Warden, Vice President

Mid Atlantic Financial Management, Inc. offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

Our firm's individual portfolio management services are:

Advisor's Choice (AC)

This comprehensive fee program allows an investment adviser representative (IAR) to manage a client's account in a customized manner in accordance with the client's risk tolerance and investment objectives. The IAR may offer advice on the following types of investments: equity securities, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual funds), United States government securities, and option contracts on securities. Investment strategies used may include both long and short-term purchases, short sales, purchases on margin, and option writing. AC is designed for accounts with a minimum asset value of \$25,000.

Mid Atlantic Institutional Investment Consulting (IIC)

Mid Atlantic Financial Management, Inc. offers investment management and advice through Mid Atlantic Institutional Investment Consulting. Under the IIC program, the client grants, in writing, complete investment discretion to Mid Atlantic Financial Management, Inc. The IIC program offers various investment strategies, and includes asset allocation, security selection, ongoing account management, and performance measurement reporting. Although the IIC program has no minimum asset value, services are typically provided to larger "Institutional" investors.

LMK Advisors (LMK)

LMK Advisors specializes in comprehensive financial and wealth strategies on a discretionary basis. Our team of professionals provides value added management and advice. The service begins with the establishment of an investment policy statement. The policy statement identifies the client's investment objectives as well as life style, goals, risk tolerance and time horizon. The investment process begins with an assessment of the current economic environment. Portfolio assets are then allocated among the asset classes. LMK specializes in market cycle investment management and asset allocation in diversified portfolios consisting of investment grade value stocks.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares

- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Interests in partnerships investing in other investment advisors (hedge funds)

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

Investment supervisory services provided by our firm are:

Mid Atlantic Fund Strategy (MAFS)

This is a comprehensive fee program which uses select mutual funds. Investment objectives are dependent upon the particular fund strategy selected. MAFS is designed for accounts with a minimum asset value of \$10,000. MAFS utilizes the Russell Investment Management Company LifePoints Funds and Model Strategies, which are managed by Russell Investment Management Company (Russell), a subsidiary of the Russell Investment Group. Russell conducts the manager search, selection, and maintenance as well as the assembling of the fund-of-funds for the Mid Atlantic Fund Strategy. Russell Investment Group is one of the world's leading asset consulting and investment management firms, providing investment advice, analytical tools, and funds to institutional and individual investors in more than 20 countries. Founded in 1936, Russell has grown to become the world's largest consultant to pension funds.

Mutual Fund Strategy (MFS)

This is a comprehensive fee program which uses select mutual funds. MFS is designed for accounts with a minimum asset value of \$25,000. The component funds are chosen using the following criteria: past performance relative to its peer group, investment style and discipline, quality of fund management, and correlation with existing holdings. Macro issues such as the market environment are also considered. The portfolio consists of a core group of funds with a longer time horizon, complimented by smaller allocations to style. The styles offered are Fixed Income, Balanced Income,

Conservative Growth, Moderate Growth, Aggressive Growth, Growth, Small/Mid Cap, and International Equity Mutual Fund Program.

Exchange Traded Fund Strategies (ETFS)

ETFS is a comprehensive fee program which uses select Exchange Traded Funds. ETFS is designed for accounts with a minimum asset value of \$50,000. The component funds are chosen using the following criteria: macro market environment and trends, past performance relative to respective benchmarks, investment style and discipline, and correlation with other strategies. The styles offered are Conservative, Moderate, and Aggressive.

Fund Allocation Strategies (FAS)

FAS is a comprehensive fee program which uses select mutual funds. FAS is designed for accounts with a minimum asset value of \$25,000. The component funds are chosen using the following criteria: past performance relative to its peer group, investment style and discipline, quality of fund management, and correlation with existing holdings. Macro issues such as the market environment are also considered. The styles offered are Conservative, Moderate, Balanced, Growth, and Aggressive Growth.

Forward Allocation Strategies

Forward Allocation Strategies is an asset allocation solution offered in conjunction with Forward Management, LLC, an SEC-registered investment adviser headquartered in San Francisco, California. Forward Management is the investment advisor to the Forward Funds, a family of mutual funds. The service includes six asset allocation models including Income, Income & Growth, Balanced, Growth & Income, Growth, and Aggressive Growth. Clients are invested into an asset allocation model based on their stated investment objective. Accounts less than \$50,000 are invested in the selected asset allocation model utilizing a single Forward Allocation Fund. Accounts larger than \$50,000 are invested in the selected asset allocation model utilizing multiple Forward Funds.

To be eligible for participation, client accounts must have a minimum asset value of \$10,000, and there is a minimum fee of \$250 a year.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on

the types of investments to be held in their account. Clients retain individual ownership of all securities.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange Traded Funds
- Mutual fund shares

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. send quarterly written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and
4. maintain client suitability information in each client's file.

MANAGER OF MANAGERS PROGRAM

Mid Atlantic Financial Management, Inc. offers advisory management services to clients through our Manager of Managers Programs. We provide the client with an asset allocation strategy developed through personal discussions in which the client's goals and objectives are established based on the client's particular circumstances. These are memorialized in a Confidential Client Questionnaire.

The firm's two programs are:

Mid Atlantic Portfolio Solutions (MAPS)

Mid Atlantic Financial Management, Inc. offers investment management and advice through Mid Atlantic Portfolio Solutions ("MAPS"), which provides consulting services and investment management services of third party investment advisers. To be eligible for participation in MAPS,

client accounts must have a minimum asset value of \$100,000.

The program provides asset consulting services in connection with the selection of the third party investment advisers, taking into consideration the client's investment objectives, financial situation, risk tolerance, and reasonable investment guidelines. MAPS also provides asset allocation, ongoing consultations, and performance measurement reports.

Mid Atlantic Financial Management, Inc. performs the third party manager due diligence and performance reporting. Mid Atlantic Financial Management, Inc. compiles an approved list of third party investment advisers. To be included on the approved list, third party investment advisers are subject to a comprehensive review and analysis by Mid Atlantic Financial Management, Inc.. Mid Atlantic Financial Management, Inc. will run risk and return screens, perform peer analysis reviews and have meetings on a periodic basis.

Separate Account Solutions (SAS)

Mid Atlantic Financial Management, Inc. offers investment management and advice through its Separate Account Solutions program (SAS). This program provides consulting and investment management services with third party investment advisers. To be eligible for participation in SAS, client accounts must have a minimum asset value of \$100,000.

The SAS program provides asset consulting services in connection with the selection of the third party investment advisers, taking into consideration the client's investment objectives, financial situation, risk tolerance, and reasonable investment guidelines.

SAS also provides asset allocation, ongoing consultations, performance measurement reports and an investment policy if appropriate.

Mid Atlantic Financial Management, Inc. operates SAS in conjunction with a program offered by Envestnet Asset Management, Inc. (Envestnet). Envestnet is an investment management firm providing investment management and investment advisory services through independent investment advisers. Envestnet compiles an array of third party investment advisers that provide discretionary investment management services. Envestnet is providing only administrative services and is not responsible for the selection of the specific investment choices made with respect to the SAS program.

Mid Atlantic Financial Management, Inc. performs management searches of various registered investment advisers. Based on the client's individual circumstances and needs (as exhibited in the client's Confidential Client Questionnaire) we determine which selected registered investment adviser's ("adviser" or "asset manager") portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected asset manager. Clients should refer to the asset manager's Firm Brochure or other disclosure document for a full description of the services offered. Client meetings are available on a regular basis, or as determined by the client, to review the account.

Once we identify the most appropriate asset manager(s), our firm provides the selected adviser with

the client's Confidential Client Questionnaire, who then creates and manages the client's portfolio based on that document.

On an ongoing basis, we monitor the performance of the asset manager(s). If we determine that a particular adviser is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with that client's Confidential Client Questionnaire, then we may move the client's portfolio to a different asset manager and/or program sponsor. Under this scenario, our firm retains the discretion to hire and fire the asset manager and/or move the client's portfolio to a different program.

At least annually, we meet with the client to review and update, as necessary, the client's Confidential Client Questionnaire. However, should there be any material change in the client's personal and/or financial situation, we should be notified immediately to determine whether any review and/or revision of the client's Confidential Client Questionnaire is warranted.

PENSION CONSULTING SERVICES

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

Investment Policy Statement Preparation (hereinafter referred to as "IPS"):

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

Selection of Investment Vehicles:

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

Monitoring of Investment Performance:

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

Employee Communications:

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

The firm's Program offerings regarding these services are:

ManagedPlan (MP)

Mid Atlantic Financial Management, Inc. has entered into an agreement where it will provide services to investors through PCS Distributors, LLC (PCS) in connection with its ManagedPlan Program. These services will be provided to 401(k) clients of Mid Atlantic Financial Management, Inc. under the Strategic Wealth Management Group name. PCS is both a broker/dealer registered with FINRA and an investment adviser registered with the Securities & Exchange Commission. Clients using the ManagedPlan Program sign an agreement employing both PCS and Strategic Wealth Management Group, through Mid Atlantic Financial Management, Inc.'s contract with PCS. PCS' representatives collect information from the plan sponsors about their investment objectives, financial situation, time horizon, current investments and financial goals, as applicable.

Non-Discretionary Advisory Services (NDAS)

Under the NDAS program, Client chooses an investment advisor representative of Mid Atlantic Financial Management, Inc. to act as the Investment Consultant to the portfolio. Mid Atlantic Financial Management, Inc. obtains relevant financial and investment data from Client relating to Client's participation in NDAS based on a written Confidential Client Questionnaire to be completed by Client prior to participation in NDAS. The information will include a description of the investment objectives, risk tolerance and guidelines for the consultation of Client's portfolio, including any investment restrictions imposed by the Client.

MANAGER SELECTION PROGRAMS

We also offer advisory management services to our clients through the Manager Selection Programs (hereinafter, "Programs"). The firm's two programs are:

Mid Atlantic Portfolio Solutions (MAPS)

Mid Atlantic Financial Management, Inc. offers investment management and advice through Mid Atlantic Portfolio Solutions ("MAPS"), which provides consulting services and investment management services of third party investment advisers. To be eligible for participation in MAPS, client accounts must have a minimum asset value of \$100,000.

The program provides asset consulting services in connection with the selection of the third party investment advisers, taking into consideration the client's investment objectives, financial situation, risk tolerance, and reasonable investment guidelines. MAPS also provides asset allocation, ongoing consultations, and performance measurement reports.

Mid Atlantic Financial Management, Inc. performs the third party manager due diligence and performance reporting. Mid Atlantic Financial Management, Inc. compiles an approved list of third party investment advisers. To be included on the approved list, third party investment advisers are subject to a comprehensive review and analysis by Mid Atlantic Financial Management, Inc.. Most third party investment advisers will visit Mid Atlantic Financial Management, Inc. in our offices and will be required to complete a questionnaire. Mid Atlantic Financial Management, Inc. will run risk and return screens, perform peer analysis reviews and have meetings on a periodic basis.

Separate Account Solutions (SAS)

Mid Atlantic Financial Management, Inc. offers investment management and advice through its Separate Account Solutions program (SAS). This program provides consulting and investment management services with third party investment advisers. To be eligible for participation in SAS, client accounts must have a minimum asset value of \$100,000.

The SAS program provides asset consulting services in connection with the selection of the third party investment advisers, taking into consideration the client's investment objectives, financial situation, risk tolerance, and reasonable investment guidelines.

SAS also provides asset allocation, ongoing consultations, performance measurement reports and an investment policy if appropriate.

Mid Atlantic Financial Management, Inc. operates SAS in conjunction with a program offered by Envestnet Asset Management, Inc. (Envestnet). Envestnet is an investment management firm providing investment management and investment advisory services through independent investment advisers. Envestnet compiles an array of third party investment advisers that provide discretionary investment management services. Envestnet is providing only administrative services and is not responsible for the selection of the specific investment choices made with respect to the SAS program.

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's Confidential Client Questionnaire.

Based on the client's individual circumstances and needs (as exhibited in the client's Confidential Client Questionnaire) we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered

investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's PIPS. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the Confidential Client Questionnaire.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's Confidential Client Questionnaire, we may suggest that the client contract with a different registered investment adviser. Under this scenario, our firm assists the client in selecting a new registered investment adviser. However, any move to a new registered investment adviser is solely at the discretion of the client.

FINANCIAL PLANNING

Mid Atlantic Financial Management, Inc. provides financial planning services to clients through investment adviser representatives ("IARs") of Mid Atlantic Financial Management, Inc.. The IAR is responsible for providing a written financial plan to the client and ongoing consultations to help the client achieve their financial goals. As part of the financial planning service, the IAR may provide investment advice regarding securities. IARs may also contract with financial planning firms that provide financial planning hypothetical and illustration reports as well as investor presentation models based upon information provided by the client. Fees charged for financial planning services are negotiable and range from \$50.00 to \$500 per hour or a flat rate from \$500.00 to \$20,000 depending upon the complexity of the plan requested.

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.

- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

CONSULTING SERVICES

Mid Atlantic Financial Management, Inc. may provide consulting services to clients regarding their

corporate and personal business affairs not involving securities. Fees of this nature are negotiable, and take the form of hourly fees, project fees, or contingent fees.

When Mid Atlantic Financial Management, Inc. prepares a business plan or assists a client in the preparation of a package utilized in a request for bank financing, the client is billed on an hourly basis or on a fixed fee basis.

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. Mid Atlantic Financial Management, Inc. has analyzed and offered advice on partnerships investing in private equity, managed futures, agricultural operations, communications ventures, research and development, equipment leasing, mortgage investment, private investments in financial institution securities, and energy and manufacturing companies. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

LIMITATIONS: As individuals of Mid Atlantic Financial Management, Inc. are registered as representatives of a broker-dealer and/or as insurance agents/brokers of various insurance companies, consulting recommendations are limited to only those products offered through these companies.

AMOUNT OF MANAGED ASSETS

As of 12/31/2011, we were actively managing \$670,151,773 of clients' assets on a discretionary basis plus \$150,965,733 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Our annual fees for Investment Supervisory Services for Individual Portfolios are based upon a percentage of assets under management. The fee is payable quarterly in advance and may be adjusted during the billing period for additional contributions, but not for withdrawals. When additional assets are deposited into the client's account after inception of the applicable billing period, the fee payable to Mid Atlantic Financial Management, Inc. with respect to additional contributions is prorated based on the number of days remaining in the billing period. The asset value of client's account for purposes of determining the fee payable to Mid Atlantic Financial Management, Inc. is based on the market value of the client's account as of the last trading day prior to the billing date.

The fees charged by Mid Atlantic Financial Management, Inc. do not cover charges or fees assessed by third parties or custodians for investments held in the account unless specifically described below. Moreover, clients are advised that certain Mid Atlantic Financial Management, Inc. investment advisory programs invest in mutual funds or exchange traded funds. If the client's account holds mutual funds or exchange traded funds, the client may be paying additional fees to the mutual fund manager, exchange traded fund, or money market. Clients should refer to the applicable mutual fund

or exchange traded fund prospectus for information on applicable charges, expenses and fees. Client accounts may be subject to a one-time, non-refundable setup fee of \$375. The setup fee is not included in the fees payable to Mid Atlantic Financial Management, Inc. and is not an industry practice. As such, the same or similar investment advisory services may be available from other investment advisers without the setup fee.

Although Mid Atlantic Financial Management, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

In addition, Mid Atlantic Financial Management, Inc. may provide investment management or advice for its employees and their family members at a reduced charge. As a result, clients of Mid Atlantic Financial Management, Inc. may have differing fee schedules. The fees payable to Mid Atlantic Financial Management, Inc. are generally debited from the client's account and noted on the statement received from the broker/dealer or custodian.

Mid Atlantic Financial Management, Inc. is not compensated on the basis of the share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of the client.

The annualized fee for Investment Supervisory Services for Individual Portfolios is charged as a percentage of assets under management, according to the following schedules:

Advisors Choice

Equity and Balanced Accounts

\$25,000 - \$1,000,000 2.25% of assets

\$1,000,000 - \$2,000,000 2.00% of assets

Over \$2,000,000 1.75% of assets

Fixed Accounts

\$25,000 - \$500,000 2.25% of assets

\$500,000 - \$1,000,000 2.00% of assets

\$1,000,000 - \$2,000,000 1.75% of assets

Over \$2,000,000 1.50% of assets

A minimum of \$25,000 of assets under management is required for the Advisors Choice service. This account size may be negotiable under certain circumstances. Mid Atlantic Financial Management, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

LMK Advisors

Equity and Balanced Accounts

\$25,000 - \$1,000,000 2.75% of assets

\$1,000,000 - \$2,000,000 2.25% of assets

Over \$2,000,000 2.00% of assets

Fixed Accounts

\$25,000 - \$500,000 2.25% of assets

\$500,000 - \$1,000,000 2.00% of assets

\$1,000,000 - \$2,000,000 1.75% of assets

Over \$2,000,000 1.65% of assets

A minimum of \$100,000 of assets under management is required for the LMK Advisors service. This account size may be negotiable under certain circumstances. Mid Atlantic Financial Management, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Institutional Investment Consulting

\$1,000,000 - \$25,000,000 1.00% of assets

\$25,000,000 - \$50,000,000 0.40% of assets

Over \$50,000,000 0.25% of assets

Although the IIC program has no minimum asset value, services are typically provided to larger “Institutional” investors.

INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT FEES

Our annual fees for Investment Supervisory Services for Model Portfolio Management services are based upon a percentage of assets under management. The fee is payable quarterly in advance and may be adjusted during the billing period for additional contributions, but not for withdrawals. When additional assets are deposited into the client's account after inception of the applicable billing period, the fee payable to Mid Atlantic Financial Management, Inc. with respect to additional contributions is prorated based on the number of days remaining in the billing period. The asset value of client's account for purposes of determining the fee payable to Mid Atlantic Financial Management, Inc. is based on the market value of the client's account as of the last trading day prior to the billing date.

The fees charged by Mid Atlantic Financial Management, Inc. do not cover charges or fees assessed by third parties or custodians for investments held in the account unless specifically described below. Moreover, clients are advised that certain Mid Atlantic Financial Management, Inc. investment advisory programs invest in mutual funds or exchange traded funds. If the client's account holds mutual funds or exchange traded funds, the client may be paying additional fees to the mutual fund manager, exchange traded fund, or money market. Clients should refer to the applicable mutual fund or exchange traded fund prospectus for information on applicable charges, expenses and fees. Client accounts may be subject to a one-time, non-refundable setup fee of \$375. The setup fee is not included in the fees payable to Mid Atlantic Financial Management, Inc. and is not an industry practice. As such, the same or similar investment advisory services may be available from other investment advisers without the setup fee.

Although Mid Atlantic Financial Management, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

In addition, Mid Atlantic Financial Management, Inc. may provide investment management or advice for its employees and their family members at a reduced charge. As a result, clients of Mid Atlantic Financial Management, Inc. may have differing fee schedules. The fees payable to Mid Atlantic Financial Management, Inc. are generally debited from the client's account and noted on the statement received from the broker/dealer or custodian.

Mid Atlantic Financial Management, Inc. is not compensated on the basis of the share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of the client.

The annualized fee for Investment Supervisory Services for Model Portfolio Management services is charged as a percentage of assets under management, according to the following schedules:

Mid Atlantic Fund Strategy and Mutual Fund Strategy

\$ 50,000 - \$ 99,999 1.75%

\$100,000 - \$149,999 1.50%

\$150,000 - \$499,999 1.25%

\$500,000 and over 1.00%

Exchange Traded Fund Strategies

\$50,000 - \$499,999 2.00% of assets

\$500,000 - \$999,999 1.75% of assets

Over \$1,000,000 1.50% of assets

Fund Allocation Strategies

\$ 25,000 - \$1,999,999 1.20% of assets

\$2,000,000 - \$4,999,999 1.00% of assets

\$5,000,000 and over 0.80% of assets

Forward Allocation Strategies

\$10,000 - \$250,000 1.60% of assets

\$250,000 - \$500,000 1.35% of assets

\$500,000 - \$1,000,000 1.10% of assets

Over \$1,000,000 0.85% of assets

A minimum of assets to be managed is required for these services as follows:

Mid Atlantic Fund Strategy - \$10,000

Mutual Fund Strategy - \$25,000

Exchange Traded Fund Strategies - \$50,000

Fund Allocation Strategies - \$25,000

Forward Allocation Strategies - \$10,000

This account size may be negotiable under certain circumstances. Mid Atlantic Financial Management, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

INVESTMENT SUPERVISORY SERVICES ("ISS") MANAGER OF MANAGERS FEES

Our annual fees for Investment Supervisory Services Manager of Managers services (Mid Atlantic Portfolio Solutions and Separate Account Solutions) are based upon a percentage of assets under management. The fee is payable quarterly in advance and may be adjusted during the billing period for additional contributions, but not for withdrawals. When additional assets are deposited into the client's account after inception of the applicable billing period, the fee payable to Mid Atlantic Financial Management, Inc. with respect to additional contributions is prorated based on the number of days remaining in the billing period. The asset value of client's account for purposes of determining the fee payable to Mid Atlantic Financial Management, Inc. is based on the market value of the client's account as of the last trading day prior to the billing date.

The fees charged by Mid Atlantic Financial Management, Inc. do not cover charges or fees assessed by third parties or custodians for investments held in the account unless specifically described below. Moreover, clients are advised that certain Mid Atlantic Financial Management, Inc. investment advisory programs invest in mutual funds or exchange traded funds. If the client's account holds mutual funds or exchange traded funds, the client may be paying additional fees to the mutual fund manager, exchange traded fund, or money market. Clients should refer to the applicable mutual fund or exchange traded fund prospectus for information on applicable charges, expenses and fees. Client accounts may be subject to a one-time, non-refundable setup fee of \$375. The setup fee is not included in the fees payable to Mid Atlantic Financial Management, Inc. and is not an industry practice. As such, the same or similar investment advisory services may be available from other investment advisers without the setup fee.

All fees charged by Mid Atlantic Financial Management, Inc. described above are negotiable. In addition, Mid Atlantic Financial Management, Inc. may provide investment management or advice for its employees and their family members at a reduced charge. As a result, clients of Mid Atlantic Financial Management, Inc. may have differing fee schedules. The fees payable to Mid Atlantic Financial Management, Inc. are generally debited from the client's account and noted on the statement received from the broker/dealer or custodian.

Mid Atlantic Financial Management, Inc. is not compensated on the basis of the share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of the client.

Mid Atlantic Financial Management, Inc. pays a portion of the total fee to the third party investment adviser. The third party investment adviser's portion of the fee can range from .18% to 1.5% based upon the style of management and the asset class. For example, equity management may be more expensive than fixed income management. Mid Atlantic Financial Management, Inc.'s portion of the fee is usually the amount paid by the client net of the third party investment adviser's fee. From Mid Atlantic Financial Management, Inc.'s portion of the fee, Mid Atlantic Financial Management, Inc. pays the trading and custodial charges, if any. Mid Atlantic Financial Management, Inc. also pays the Investment Advisor Representative (IAR) from Mid Atlantic Financial Management, Inc.'s portion of the fee. The IAR's compensation from the fee may be more than the IAR would have received if the client had participated in other Mid Atlantic Financial Management, Inc. programs or if the client had paid separately for investment management, consulting, custody, brokerage, and other services. Therefore, the IAR may have a financial incentive to recommend the Manager of Managers programs over other programs or services. Our annual fee for the Manager of Managers Programs is charged as a percentage of assets under management, according to the following schedules:

Equity and Balanced Accounts

\$100,000 - \$1,000,000 2.75% of assets

\$1,000,000 - \$2,000,000 2.50% of assets

Over \$2,000,000 2.25% of assets

Fixed Income Accounts

\$100,000 - \$1,000,000 2.00% of assets

\$1,000,000 - \$2,000,000 1.75% of assets

Over \$2,000,000 1.50% of assets

A minimum of \$100,000 of assets under management is required for these services. This account size may be negotiable under certain circumstances. Mid Atlantic Financial Management, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

PENSION CONSULTING FEES

Our fees for Pension Consulting Services are based on a percentage of assets under advisement, according to the following schedules:

Aggregate Managed Plan 401(k) Sponsor Assets in the Managed Plan Program

\$1,000,000 - \$25,000,000 1.00% of assets

\$25,000,000 - \$50,000,000 0.40% of assets

Over \$50,000,000 0.25% of assets

Plan sponsors are invoiced in advance at the beginning of each calendar quarter.

Although the IIC program has no minimum asset value, services are typically provided to larger “Institutional” investors.

Non-Discretionary Advisory Services

\$ 1 - \$50,000 2.00% of assets

\$50,000 - \$250,000 1.75% of assets

\$250,000 - \$500,000 1.50% of assets

\$500,000 - \$1,000,000 1.25% of assets

\$1,000,000 and over 1.00% of assets

FINANCIAL PLANNING FEES

Mid Atlantic Financial Management, Inc.'s Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on an hourly basis, ranging from \$50 to \$500 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

Our Financial Planning fees may also be calculated and charged on a fixed fee basis, typically ranging from \$500 to \$20,000, depending on the complexity of the plan requested and on the specific arrangement reached with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the plan.

Financial Planning Fee Offset: Mid Atlantic Financial Management, Inc. reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to

engage us for our Portfolio Management Services.

The client is billed quarterly in advance based on our total estimated Financial Planning fees.

The client is billed quarterly in arrears based on actual hours accrued.

The client is billed quarterly in arrears based on actual hours accrued.

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Mutual Fund Fees: All fees paid to Mid Atlantic Financial Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee

may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Mid Atlantic Financial Management, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: Mid Atlantic Financial Management, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Mid Atlantic Financial Management, Inc. may only charge fees for investment advice about products for which our firm and/or our employees do not receive any commissions or 12b-1 fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

Mid Atlantic Financial Management, Inc. does not charge performance-based fees.

Item 7 Types of Clients

Mid Atlantic Financial Management, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans(other than plan participants)
- Other pooled investment vehicles(e.g., hedge funds)

- Charitable organizations
- Corporations or other businesses not listed above

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

As previously disclosed in Item 5, our firm has established certain minimum account requirements to maintain an account, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

As previously disclosed in Item 5, our firm has established certain minimum account requirements to maintain an account, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Third-Party Money Manager Analysis. We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence

process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Management personnel of Mid Atlantic Financial Management, Inc. are separately licensed as registered representatives of Mid Atlantic Capital Corporation, an affiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

Mid Atlantic Financial Management, Inc. recommend to clients the use of Mid Atlantic Capital Corporation for services relating to the execution and clearing of trades for client accounts. Comprehensive investment fees are also utilized with respect to client assets in which Mid Atlantic Capital Corporation provides execution and clearing services for the account.

Mid Atlantic Financial Management, Inc. and registered representatives receive commissions for executing securities transactions in client accounts with Mid Atlantic Capital Corporation. While it is Mid Atlantic Capital Corporation's general policy to reduce transaction charges for securities transactions in Mid Atlantic Financial Management, Inc client accounts, clients are advised that Mid Atlantic Capital Corporation's transaction charges may be higher than the commissions the client might pay if the transactions were executed at other broker/dealers.

Mid Atlantic Financial Management, Inc.'s investment management and advisory services invest in mutual funds. A client that invests in mutual funds is subject to the payment of 12b-1 and/or shareholder servicing fees for distribution to the broker as set forth in the prospectuses of those mutual funds. When Mid Atlantic Capital Corporation is used as the broker/dealer to effect the transaction in mutual funds, it may receive the 12b-1 and/or shareholder servicing fees. Mutual funds are sold by prospectus only.

Mid Atlantic Financial Management, Inc. is under common control with Mid Atlantic Trust Company ("MATC"), a South Dakota non-depository trust company which handles the custody, directed trustee, paying agent, and reporting services for corporate retirement plans, and asset custody for some clients of Mid Atlantic Financial Management, Inc. as recommended by their personal advisor. While Mid Atlantic Financial Management, Inc. is not directly compensated by MATC for revenue generated due to this arrangement, it does benefit indirectly, due to the companies being under common control.

While Mid Atlantic Financial Management, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these

individuals when making recommendations.

Thomas Birch, a member of our firm's management, is the Managing Member and an advisory representative of Thomas J. Birch Financial Advisory Services, a registered investment adviser. There are no referral arrangements between our firm and Thomas J. Birch Financial Advisory Services. No Mid Atlantic Financial Management, Inc. client is obligated to use the advisory services of Thomas J. Birch Financial Advisory Services, as no Thomas J. Birch Financial Advisory Services advisory client is obligated to use our advisory services.

We may occasionally trade the same or similar securities in client portfolios that are traded by Thomas J. Birch Financial Advisory Services in its client portfolios. When this occurs, our clients may receive a better or worse price or execution than Thomas J. Birch Financial Advisory Services depending on the order of trade execution, the type of security traded and the broker-dealer used. In order to minimize the potential for any systematic disadvantage to clients; when trades are placed in the same security on the same day for both our clients and Thomas J. Birch Financial Advisory Services clients (whose portfolios are within Thomas Birch's control), Thomas Birch will seek to rotate the order of execution.

As this affiliation with Thomas Birch may present potential conflicts of interest, we have established written policies and procedures for insider trading that prohibit Thomas Birch and any other member, officer or employee of our firm, from buying, selling or recommending the securities of companies bought, sold or recommended by Thomas J. Birch Financial Advisory Services where the decision is substantially derived, in whole or in part, by reason of access to the recommendations of Thomas J. Birch Financial Advisory Services to its clients.

Jeff Fishman, a member of our firm's management, is the Managing Member and an advisory representative of JSF Financial, LLC and ALJ Capital Management, LLC, registered investment advisers. There are no referral arrangements between our firm and Mr. Fishman's firms. No Mid Atlantic Financial Management, Inc. client is obligated to use the advisory services of JSF Financial, LLC or ALJ Capital Management, LLC as no JSF Financial, LLC or ALJ Capital Management, LLC advisory client is obligated to use our advisory services.

We may occasionally trade the same or similar securities in client portfolios that are traded by JSF Financial, LLC and ALJ Capital Management, LLC in its client portfolios. When this occurs, our clients may receive a better or worse price or execution than JSF Financial, LLC and ALJ Capital Management, LLC, depending on the order of trade execution, the type of security traded and the broker-dealer used. In order to minimize the potential for any systematic disadvantage to clients; when trades are placed in the same security on the same day for both our clients and JSF Financial, LLC or ALJ Capital Management, LLC clients (whose portfolios are within Jeff Fishman's control), Jeff Fishman will seek to rotate the order of execution.

As this affiliation with Jeff Fishman may present potential conflicts of interest, we have established written policies and procedures for insider trading that prohibit Jeff Fishman and any other member, officer or employee of our firm, from buying, selling or recommending the securities of companies bought, sold or recommended by JSF Financial, LLC and ALJ Capital Management, LLC where the

decision is substantially derived, in whole or in part, by reason of access to the recommendations of JSF Financial, LLC or ALJ Capital Management, LLC to its clients.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Mid Atlantic Financial Management, Inc. and/or Management personnel of Mid Atlantic Financial Management, Inc. are related, through common ownership and control, to Select Opportunity Fund, LP, a company formed to create and package limited partnerships (or similar pooled investment vehicles hereinafter referred to as "entities") for investment purposes. Mid Atlantic Financial Management, Inc. or one or more of our related persons also act as general partner or manager of these entities. A list of these affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Mid Atlantic Financial Management, Inc. and/or Management personnel of Mid Atlantic Financial Management, Inc. are related, through common ownership and control, to Mid Atlantic Securities Partnership, a company formed to create and package limited partnerships (or similar pooled investment vehicles hereinafter referred to as "entities") for investment purposes. Mid Atlantic Financial Management, Inc. or one or more of our related persons also act as general partner or manager of these entities. A list of these affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Associated Persons of Mid Atlantic Financial Management, Inc. and registered representatives of Mid Atlantic Capital Corporation are entitled to a percentage of the general partner's annual management fee on a perpetual basis, for recommending to their clients limited partnerships for which Mid Atlantic Financial Management, Inc. serves as the general partner. These arrangements vary by partnership and by client, ranging from 0% to 1% of the total fees. Due to the nature of compensation agreements, a conflict of interest may arise or exist for representatives recommending these partnerships or trusts to potential clients.

In addition, our firm serves as the investment adviser to such entities. Advisory clients of our firm are solicited to invest in these entities; however, because investment in these types of entities may involve

certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Clients are under no obligation to invest in any of the above described entities or to implement any advisory recommendations.

Management personnel of our firm are also Officers of Mid Atlantic Capital Corporation a registered broker/dealer. In their capacity as supervisory principals of Mid Atlantic Capital Corporation, they devote time to the oversight of the operations of the broker/dealer.

Management personnel of our firm, in their individual capacities, are involved in an Oil and Gas Limited Partnership, Stonehaven Energy, LLC ("SE").

This partnership is administered independently of Mid Atlantic Financial Management, Inc. and Mid Atlantic Financial Management, Inc. does not provide services to the partnership. The time expended by the officers of Mid Atlantic Financial Management, Inc. involved in this partnership is nominal. Shares in SE are offered through Mid Atlantic Financial Management, Inc.'s related broker dealer, Mid Atlantic Capital Corporation, and Mid Atlantic Capital Corporation receives commissions on the sale of partnership shares.

Mid Atlantic Financial Management, Inc. is under common control with Mid Atlantic Properties Corporation ("Properties"), an entity which creates and packages private securities offerings. Properties may, from time to time, develop offerings in which Mid Atlantic Financial Management, Inc.'s clients may invest. Properties is a separate entity whose business and conduct are entirely separate and unrelated to the business of Mid Atlantic Financial Management, Inc.

Clients should be aware that the receipt of additional compensation by Mid Atlantic Financial Management, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Mid Atlantic Financial Management, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all

recommendations made to a client are suitable to the client's needs and circumstances;

- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

As previously disclosed, we recommend the services of various registered investment advisers to our clients. In exchange for this recommendation, we receive a referral fee from the selected investment adviser. The fee received by us is typically a percentage of the fee charged by that investment adviser to the referred client. The portion of the advisory fee paid to us does not increase the total advisory fee paid to the selected investment adviser by the client. We do not charge the client any fees for these referrals. We will only recommend advisers that pay us a referral fee.

We are aware of the special considerations required under Rule 206(4)-3 (the "cash solicitation" rule) of the Investment Advisers Act of 1940. As such, all appropriate disclosure shall be made and all applicable Federal and State laws will be observed.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Mid Atlantic Financial Management, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Mid Atlantic Financial Management, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to ksmith@macg.com, or by calling us at 412-391-7077.

Mid Atlantic Financial Management, Inc. is the General Partner (GP) of Select Opportunity Fund, LP and Mid Atlantic Securities Partnership (the Funds). The GP has primary responsibility for investment management and administrative matters, such as accounting tax and periodic reporting, pertaining to the Funds. Mid Atlantic Financial Management, Inc. and our members, officers and employees will devote to the Funds as much time as we deem necessary and appropriate to manage the Funds business. Mid Atlantic Financial Management, Inc. and our affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of our firm and our affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees will not be devoted exclusively to the business of the Funds, but could be allocated between the business of the Funds and other of our business activities and those of our affiliates.

Investments in the Funds may be recommended to advisory clients for whom a partnership investment may be more suitable than would a separate advisory account managed by our firm. Clients who invest in the Funds are not charged any additional advisory fees other than the advisory fee allocated to the limited partners of the Funds.

The Funds are not required to register as an investment company under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered. Mid Atlantic Financial Management, Inc. manages the Funds on a discretionary basis in accordance with the terms and conditions of the Fund's offering and organizational documents.

Our 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

Mid Atlantic Financial Management, Inc. does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Mid Atlantic Financial Management, Inc. requires that clients provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to our clients for these transactions.

Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

As a matter of practice virtually all client account brokerage transactions are executed through Mid Atlantic Capital Corporation and this arrangement may limit or eliminate MAFM's ability to obtain best execution due to the lack of flexibility to utilize other broker dealers.

As a matter of policy and practice, Mid Atlantic Financial Management, Inc. does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by the respective portfolio manager.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

Under the AC program, the client grants, in writing, investment discretion to an investment adviser representative (IAR) of MAFM or another Registered Investment Adviser. When investment discretion is granted to an IAR under MAFM's Services Agreement, Kyle Smith, Senior Vice President of Product Management supervises the IAR. IARs may apply for and receive consent to manage assets under the AC program. After this approval is granted, trades for the IAR's AC clients

are reviewed by a supervisor or compliance officer who has suitability and other relevant client information available. Total portfolio reviews are conducted as necessary.

INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT SERVICE

REVIEWS: While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Kyle Smith, Senior Vice President of Product Management and Bill Woods, Vice President and Director of Research.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

MANAGER OF MANAGERS PROGRAM

REVIEWS: The performance of the registered investment adviser(s) selected to manage client portfolios within our Manager of Managers Program is continually monitored by Mid Atlantic Financial Management, Inc. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These programs are reviewed by: Kyle Smith, Senior Vice President of Product Management and Bill Woods, Vice President and Director of Research.

REPORTS: In addition to the monthly statements and confirmations of transactions that these clients receive from their respective broker-dealer, Mid Atlantic Financial Management, Inc. provides our Manager of Managers Program clients with reports as contracted for at the inception of the advisory relationship.

PENSION CONSULTING SERVICES

REVIEWS: Mid Atlantic Financial Management, Inc. will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Mid Atlantic Financial Management, Inc. will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur

quarterly.

These accounts are reviewed by: Mike Bigley, Investment Advisor Representative for Managed Plan clients and by Kyle Smith, Senior Vice President of Product Management and Bill Woods, Vice President and Director of Research for all other pension consulting services.

REPORTS: These client accounts will receive reports as contracted for at the inception of the advisory relationship.

SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS

REVIEWS: These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

Mid Atlantic Financial Management, Inc. will provide reviews on a quarterly basis.

These managers are reviewed by Kyle Smith, Senior Vice President of Product Management and Bill Woods, Vice President and Director of Research.

REPORTS: These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

Mid Atlantic Financial Management, Inc. will provide these client accounts with reports as contracted for at the inception of the advisory relationship.

FINANCIAL PLANNING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

REPORTS: Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

CONSULTING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

REPORTS: These client accounts will receive reports as contracted for at the inception of the advisory engagement.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Mid Atlantic Financial Management, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also provide performance reports to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these reports to ensure that all account transactions, holdings and values are correct and current.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

MANAGER OF MANAGERS PROGRAM

As previously disclosed in Item 4 of this brochure, we do not "manage" client portfolios in the traditional sense of the definition, rather Mid Atlantic Financial Management, Inc. manages the managers of client portfolios within this program. Accordingly, clients participating in this program grant us authority to hire and fire the selected asset manager(s) managing client accounts.

Clients give us this authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may change/amend these limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that **is deemed to have custody**, we are also required to disclose any financial

condition that is reasonable likely to impair our ability to meet our contractual obligations. Mid Atlantic Financial Management, Inc. has no additional financial circumstance to report.

Mid Atlantic Financial Management, Inc. has not been the subject of a bankruptcy petition at any time.