

Firm Brochure
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Financial Solutions Associates. If you have any questions about the contents of this brochure, please contact us at 781-251-0505 or barnet@financialsolutions.net. 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 Financial Solutions Associates is available on the SEC's website at www.adviserinfo.sec.gov

Material Changes

The United States Securities and Exchange Commission (SEC) adopted “Amendments to Form ADV” in July, 2010 requiring advisors to provide a Firm Brochure in narrative “plain English” format. This Brochure is prepared according to the SEC’s new requirements and rules. As a state-registered investment adviser we are required to comply with the new reporting and filing requirements.

This item will discuss specific material changes that are made to the Brochure since its last annual update. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

There have been no material changes to our Firm Brochure since our last annual update on March 11, 2011.

Whenever you would like to receive a complete copy of our Firm Brochure please contact us at 781-251-0505 or barnet@financialsolutions.net.

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Advisory Business

Firm Description

Financial Solutions Associates, a state-registered investment advisor founded in 1993, provides personalized confidential financial planning and investment advisory services to individuals, pension and profit sharing plans, trusts and estates, charitable organizations, and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment advisory services may be beneficial to the client.

Principal Owner

Barnet Goverman is the owner of Financial Solutions Associates.

Types of Advisory Services

Financial Solutions Associates offers two types of advisory services: Financial Planning and Investment Advisory

Financial planning services address specific concerns of the client. They may include an analysis of the client's financial position, risk management, investment planning, tax planning, retirement planning, estate planning or other mutually agreed upon financial planning issues. They are based on the client's current financial goals, objectives, and other information provided. Assumptions are determined for projected rates of return, future tax schedules and inflation rates. Financial planning services do not include legal advice, legal document preparation or tax return preparation. Other professionals (e.g. lawyers, accountants etc.) are engaged directly by the client on an as-needed basis.

Investment advisory services include the design and management of client portfolios based on their individual goals, timeframes, risk tolerance and other related issues. Assets are invested primarily in no-load mutual funds with exchange-traded funds, stocks, bonds and other publicly offered securities used less frequently. On a discretionary basis the advisor determines which investments each client owns and when they are to be purchased or sold, without limitation, unless the client has imposed restrictions on investing in certain securities or types of securities.

As of December 31, 2011 Financial Solutions Associates provided management of client investment portfolios totaling \$ 60,093,000, all on a discretionary basis.

Fees and Compensation

Financial Planning

Financial Solutions Associates' hourly fee for providing financial planning services is \$ 300, payable upon completion. This hourly fee is non-negotiable although a fixed fee may be agreed upon in lieu of the hourly rate. Discounted fees may be negotiated for group contracts.

Financial planning services may be provided at no charge to existing investment advisory clients who have portfolios being managed for a fee by the advisor. The advisor determines at his discretion what level and for which clients these services are offered.

A client may terminate the Financial Planning agreement at any time by notifying Financial Solutions Associates in writing and paying the rate for the time spent prior to notification of termination. A full refund will be made if the agreement is terminated within the first five business days of signing the agreement.

Financial Solutions Associates may terminate the Financial Planning agreement at any time by notifying the client in writing.

Investment Advisory

Financial Solutions Associates charges its investment advisory fees based on a percentage of assets under management. Authorization is obtained to have these fees directly debited from client accounts on a quarterly basis. These fees are charged in advance and are calculated based on the market value of the account on the last day of the preceding calendar quarter. Advisory fees are not prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter are charged a prorated fee.

A client may terminate the Investment Advisory agreement at any time by notifying Financial Solutions Associates in writing. Upon termination, any prepaid, unearned fees will be promptly refunded. A full refund will be made if the Investment Advisory agreement is terminated within the first five business days of signing the agreement.

Financial Solutions Associates may terminate the Investment Advisory Agreement at any time by notifying the client in writing and refunding the unearned portion of advisory fees.

Our Investment Advisory fee schedule is as follows.

<u>Account Value</u>	<u>Quarterly Fee</u>	<u>Annualized Fee</u>
\$ 0 to \$ 99,999	.3750 %	1.50 %
\$ 100,000 to \$ 999,999	.2500 %	1.00 %
\$ 1,000,000 to \$ 4,999,999	.2125 %	.85 %
\$ 5,000,000 or higher	.1875 %	.75 %

Financial Solutions Associates retains the discretion to negotiate investment advisory fees based on specific circumstances.

Other Fees

Financial Solutions Associates' fees are intended to compensate the advisor for his services and are exclusive of transaction fees, brokerage commissions and other related fees which may be incurred by the client.

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

Page 8 further describes factors Financial Solutions Associates considers in recommending a brokerage firm/custodian.

Expense Ratios

Mutual funds generally charge an annual operating expense fee for their services as investment managers. This operating expense fee includes expenses for shareholder services, salaries for money managers, analysts and administrative staff. The fee is called an expense ratio and is disclosed in the fund prospectus. For example, an expense ratio of .50 means that the mutual fund company charges .5% for their services. These fees are in addition to the fees paid to Financial Solutions Associates.

Financial Solutions Associates does not receive any compensation, in any form, from fund companies.

Performance-Based Fees and Side-By-Side Management

Financial Solutions Associates does not charge any performance-based fees.

Types of Clients

Description

Financial Solutions Associates provides advisory services to individuals, high net worth individuals, pension and profit sharing plans, trusts and estates, charitable organizations and small businesses.

Account Minimums

The minimum account size for engaging Financial Solutions Associates' investment advisory services is \$ 200,000.

Financial Solutions Associates has the discretion to waive the account minimum. Accounts of less than \$ 200,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$200,000 within a reasonable time. Other exceptions may apply to relatives of the advisor or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Financial Solutions Associates uses the following methods of analysis in formulating investment advice and managing client assets:

Mutual Fund Analysis: We evaluate the experience and track record of the manager in an attempt to find those that have been successful with a repeatable process that is both explainable and logical. Criteria examined include historical performance over time in various economic conditions as well as volatility and risk profiles. A risk of mutual fund analysis is that, as in all investments, past performance does not guarantee future results. A successful manager may not be able to replicate that success in the future.

Fundamental Analysis: We research economic factors such as interest rates, gross domestic product, inflation, productivity, housing, unemployment and inventories to evaluate the condition and direction of the economy. A risk of fundamental analysis is these factors can reverse quickly prompting investments upon which they've been based to lose value.

Technical Analysis: We examine the demand and supply for securities, options, mutual funds, and commodities based on trading volume and price studies in an attempt to uncover recurring patterns of investor behavior and future price movements. Technical analysis does not consider the underlying condition of specific companies. This presents a risk in that financially unsound or poorly managed companies may underperform regardless of market movement.

Our main sources of information include subscriptions to financial publications, online economic reports, research materials prepared by third

parties, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Investment Strategies

The principal investment strategy used in client portfolios is strategic asset allocation utilizing a core and tactical approach. This means that we primarily use both actively and passively managed mutual funds as the core investments in traditional asset classes, and then supplement these with tactically managed funds where there may be greater opportunities to enhance performance due to shorter term situations in the economy or marketplace. Portfolios may be globally diversified to reduce the risk associated with traditional domestic markets. The asset allocation plan for each client is specific to their objectives, time horizons and risk tolerance as determined during consultations and is periodically rebalanced to maintain consistency with the plan.

A risk of strategic asset allocation is that portfolios may not participate fully in sharp increases in a particular asset class, industry or market sector.

Other strategies employed may include long-term purchases, short-term purchases, and diversification across and within various asset class categories. A simple example of diversification across asset classes is when a client may own both a corporate bond fund and a government bond fund. Each of these bond funds may behave differently in various market conditions.

Risk of Loss

All investment programs involve certain risks of loss that clients should be prepared to bear. Our investment approach constantly keeps the risk of loss in mind and attempts to mitigate it wherever possible.

Clients receive a prospectus for each mutual fund they own. This prospectus outlines the principal risks of investing in the fund which could cause the fund to lose money. Some of these investment risks that clients bear include:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

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

Disciplinary Information

Legal and Disciplinary

Financial Solutions Associates is required to disclose all legal and disciplinary events that are material to a client's or prospective client's evaluation of our advisory business and the integrity of our management.

We have no reportable events to disclose.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Financial Solutions Associates is not registered as a securities broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities and has no intention of registering as such.

Affiliations

Financial Solutions Associates has no arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

Code of Ethics

Financial Solutions Associates has adopted a Code of Ethics that emphasizes its fiduciary duty to act in the best interests of clients. Core principles underlying the Code of Ethics are modeled on the Financial Planning Association code and include the following:

1. Integrity: The advisor will offer and provide professional services with integrity.
2. Objectivity: The advisor will be objective in providing professional services to clients.
3. Competence: The advisor will provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in areas in which he is engaged.
4. Fairness: The advisor will perform professional services in a manner that is fair and reasonable to clients, principals, partners and employers and shall disclose conflicts of interest in providing such services.
5. Confidentiality: The advisor will not disclose any confidential client information without the specific consent of the client unless in response to proper legal process, to defend against charges of wrongdoing by the advisor or in connection with a civil dispute between the advisor and client.
6. Professionalism: The advisor's conduct in all matters shall reflect credit upon the profession.
7. Diligence: The advisor shall act diligently in providing professional services.

Financial Solutions Associates will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

The advisor may buy or sell a security for himself that he also buys or sells for clients, only after the trading of the security has been completed in client accounts and, only when the amount or nature of the transaction will not materially affect the price or market of the security. Since most trades are mutual fund trades, they do not directly affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

Financial Solutions Associates makes specific broker-dealer recommendations to clients based on their need for such services. These recommendations are based on the proven integrity, financial responsibility, level of technology, dedicated support and operational efficiency of the firm and most importantly, the best execution of orders at reasonable commission rates. We do not receive fees, commissions or referrals from any of these broker-dealers and, are independent and unaffiliated with them. The client must approve the selection of the broker-dealer.

Best Execution

Financial Solutions Associates defines best execution as the best price that may be obtained on a trade consistent with the integrity and financial responsibility of the broker-dealer and the advisor's fiduciary responsibility to the client. Financial Solutions Associates does not receive any portion of the transaction fees or commissions paid by the client to the broker-dealer on any trades.

Soft Dollars

Financial Solutions Associates may be granted access to proprietary and/or third party research from broker-dealers and other investment companies because they serve as custodian for client assets. This may be considered a conflict of interest although the advisor may use this research in security selection for the benefit of all clients. This research is incidental to the primary criteria of best execution the advisor uses in selecting a broker-dealer. Additionally, Financial Solutions Associates buys its own research, independent of the broker-dealer, from which all clients benefit.

The advisor does not use soft dollar benefits to offset the cost of any research or services from broker-dealers. The only research or services used by Financial Solutions Associates, inclusive to a broker-dealer, is offered to all investment advisors using that particular broker-dealer.

Order Aggregation

As most trades in client accounts are mutual fund orders, trade aggregation does not garner any client benefit. In the event that the advisor can achieve best execution through the aggregation of non mutual fund orders, we will choose to aggregate trades when it is in the best interests of clients.

Review of Accounts

Periodic Reviews and Review Triggers

While securities in client portfolios are monitored continually, Financial Solutions Associates reviews investment advisory accounts on an annual basis, or as agreed upon between the advisor and client. These reviews are performed in context with each client's investment objectives and asset allocation plan. More frequent reviews may be initiated based on changes in the client's specific circumstances or significant economic or capital market occurrences.

Changes in securities may be made for a variety of reasons including revisions in client objectives or risk tolerance, portfolio rebalancing, security performance, research uncovering new investment information, tax law changes or conditions in the economy or capital markets.

Barnet Gorman, the advisor, performs all reviews.

Regular Reporting

Transaction confirmations and monthly account reporting is provided by the broker-dealer and includes statements of positions, transactions, dividend/income activity, and expense and fee reporting.

Written summary performance reporting may be provided by Financial Solutions Associates at review meetings and includes annual and year to date rates of return.

Client Referrals and Other Compensation

Incoming Referrals

Financial Solutions Associates has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, personal friends and other similar sources. The advisor does not compensate referring parties for these referrals.

Referrals Out

Financial Solutions Associates does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

Financial Solutions Associates, inclusive to certain retirement and estate planning strategies, may recommend the purchase of single premium immediate or fixed deferred annuities. Clients may implement these recommendations on their own or through the advisor, in which case the advisor would receive a usual and customary commission. This compensation conflict of interest is fully disclosed to clients in these circumstances. The advisor spends less than 1 % of his time engaged in this activity.

Custody

Account Statements

Financial Solutions Associates does not maintain custody of client funds or securities. All client assets are held at independent qualified custodians. These custodians provide at least quarterly statements to clients at their address of record.

We recommend clients carefully review these statements for propriety.

Investment Discretion

Discretionary Authority for Trading

Financial Solutions Associates accepts discretionary authority to manage securities accounts on behalf of clients. We have the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Financial Solutions Associates may observe limitations or restrictions clients may request. For example, a client may request that a particular security not be purchased in their portfolio. These limitations or restrictions are discussed and agreed upon prior to implementing the investment plan.

Discretionary trading authority facilitates placing trades in client accounts so that the advisor may promptly implement the investment plan that has been agreed upon.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. The client appoints Financial Solutions Associates as limited power of attorney in the Investment Advisory agreement and in the brokerage application so that we may execute trades in their account.

Voting Client Securities

Proxy Votes

Financial Solutions Associates does not vote proxies on securities on behalf of clients. Clients retain the responsibility for voting proxies on all securities maintained in their accounts. Clients receive their proxies or other solicitations from the custodian or transfer agent and, may contact us with any questions they may have about a particular proxy solicitation.

Financial Information

Financial Condition

Financial Solutions Associates does not have any financial impairment that will preclude the firm from meeting contractual and fiduciary commitments to clients.

A balance sheet is not required to be provided because Financial Solutions Associates does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Education and Business Background of the Advisor

Education and Business Standards

Financial Solutions Associates requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Professional Certifications

The owner has earned a professional certification that is required to be explained in further detail:

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the Certified Financial Planner Board of Standards, Inc. (CFP Board) to use the CFP mark. CFP certification requirements include:

- Bachelor's degree (or higher) from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board (www.cfp.net).
- Successful completion of the CFP® Certification Exam.
- Three-year qualifying full-time work experience.

- Successfully pass the Candidate Fitness Standards and background check.
 - 30 hours of continuing education every two years
-

Barnet Goverman, Certifications

Educational Background:

- Date of birth: May 11, 1953
- Boston College, 1975 BA, Economics
- Suffolk University, 1981 MBA, Finance
- College of Financial Planning, 1983 Certified Financial Planner Licensee

Business Experience (5 years):

- Financial Solutions Associates 1993 to Present Owner, Investment Advisor and Financial Planner

Requirements for State Registered Advisors

The disciplinary history of the advisor and its representatives may be obtained from the Massachusetts Securities Division.

We are required to disclose all material legal or disciplinary events pertaining to arbitration awards or other civil, self-regulatory organization or administrative proceedings in which Financial Solutions Associates was found liable or against whom an award was granted.

We have no reportable disciplinary events to disclose.