

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Buttonwood Financial Advisors, Inc. ("BFA"). If you have any questions about the contents of this brochure, please contact us at (410) 988-2391 or info@buttonwoodfa.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about BFA is also 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 144926.

Item 2. Material Changes

As of the date of this Brochure, we have no material changes to report.

Item 3. Table of Contents

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Item 4. Advisory Business

BFA is a state-registered investment adviser with its principal place of business located in Columbia, Maryland. BFA began conducting business in 2008.

Damian Gallina, President and Chief Compliance Officer, is the firm's sole owner.

BFA offers the following advisory services to our clients: Individual Portfolio Management, Financial Planning, and Financial Consulting. Please see the disclosure below in this Item for additional information regarding these services.

As of 12/31/2011 we were actively managing \$43,991,971 of clients' assets on a discretionary basis, and \$3,163,168 on a non-discretionary basis.

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm offers portfolio management services to its advisory clients. We will provide continuous advice to a client regarding the investment of client funds based on the client's individual needs. Through personal discussions in which a client's goals and objectives are established, we adopt an investment policy and create and manage a portfolio based on that policy. During this data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (e.g., balanced, diversified, fixed income, growth, moderate, income/balanced, income/diversified, income/growth, and income/moderate), 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: individual stocks, bonds, certificates of deposit (CDs), mutual funds, and exchange-traded funds ("ETFs").

FINANCIAL PLANNING

We also provide financial planning services. 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 that provides the client with a detailed financial plan designed to help 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 year and 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, and disability income.
- ESTATE: We assist the client in assessing and developing long-term estate planning strategies, including the appropriateness of living trusts, wills, powers of attorney, beneficiary designations, gifts, and asset protection plans.

We gather required information through in-depth personal interviews. Information gathered includes a client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied 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.

Typically the financial plan is presented to the client within two 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.

FINANCIAL CONSULTING

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. We also provide specific consultation and administrative services regarding investment and financial concerns of the client, such as the review of a client's existing investment portfolio or the review of client assets managed by other investment professionals.

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

Item 5. Fees and Compensation

FEES FOR INDIVIDUAL PORTFOLIO MANAGEMENT

The annual fee charged for individual portfolio management services is based on the amount of assets under management as follows:

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
The first \$1,000,000	1.25%
Amounts from \$1,000,000 to \$5,000,000	1.00%
Amounts over \$5,000,000	0.75%

For example, if a client's account is valued at \$6,000,000, the annual fee would be calculated as follows: $(\$1,000,000 \times 1.25\%) + (\$4,000,000 \times 1.00\%) + (\$1,000,000 \times 0.75\%)$.

A client who comes to BFA through a paid solicitation relationship may pay an annual fee greater than the fees disclosed in the above schedule if that client also received *bona fide* financial planning services from the solicitor. Typically, these clients pay an additional fee of 0.25% of their assets under management with BFA. This portion of the fee is paid to the solicitor as compensation for the financial services provided in addition to the solicitor's standard referral fee. Please see the disclosure in Item 14 of this Brochure for additional information regarding BFA's client referral relationships.

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the client's account in accordance with client authorization.

A minimum of \$250,000 of assets under management is required to open an individual portfolio management account with BFA. This minimum account size may be negotiable under certain circumstances. BFA may group certain related client accounts for the purposes of achieving the minimum account value requirement.

FEES FOR FINANCIAL PLANNING AND FINANCIAL CONSULTING

BFA's Financial Planning and Financial Consulting fees will be determined based on the nature of the services being provided, the complexity of each client's circumstances, the reports to be provided, and negotiations with the client. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning and Financial Consulting fees are calculated and charged on a fixed fee basis, typically ranging from \$500 to \$1,000, depending 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 service.

There is no minimum fee for Financial Planning and Financial Consulting clients.

GENERAL INFORMATION

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.

Negotiability of Fees: In certain circumstances, all fees may be negotiable. We may also group certain related client accounts for the purposes of determining the annualized fee. Further, discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Courtesy Accounts: Some clients come to BFA with various legacy holdings or assets. Upon request, we will assist a client with establishing separate custodial accounts to hold these assets as a courtesy, but will NOT manage these assets. These assets will, therefore, not be subject to our management fee as disclosed above in this Item.

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

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of five 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.

Fund Fees: All fees paid to BFA 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.

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, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports. Please refer to Item 12 of this Brochure for additional information about our brokerage practices.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

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

We do not charge performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7. Types of Clients

BFA provides its advisory services, where appropriate, to individuals, trusts, estates, charitable organizations, pension and profit sharing plans, corporations and other business entities.

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.

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.

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.

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.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

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

Our firm and management persons are not engaged in any other applicable financial industry activities and have no other industry affiliations.

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

CODE OF ETHICS

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. BFA and our personnel owe a duty of loyalty, fairness and good faith to 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.

BFA's Code of Ethics 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.

Our Code of Ethics requires that anyone associated with this advisory practice with access to advisory recommendations, client holdings or other specified information provide initial holdings reports and thereafter, access to account data, duplicate statements and confirmations of all reportable transactions to the firm's designated officer. These reports are made available to an appropriate regulatory agency upon request and will be reviewed on a regular basis by the Chief Compliance Officer of BFA, or his/her designee, to supervise compliance with the firm's Code of Ethics. Additionally, our Code of Ethics also requires prior firm approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering ("IPO").

Our Code also contains oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email to info@buttonwoodfa.com, or by telephone at (410) 988-2391.

PERSONAL TRADING

Our firm and the individuals associated with our firm may buy or sell securities for their personal accounts that are identical to or different from those recommended to our clients. As these situations represent actual or potential conflicts of interest with our clients, we have taken the following steps to assure that (i) the personal securities transactions of our employees will not interfere with making and implementing decisions in the best interest of our advisory clients, (ii) our firm complies with its regulatory obligations, and (iii) we provide our clients with full and fair disclosure of such conflicts of interest:

1. Prohibiting the firm, its owners and employees from:
 - a. Putting their own interest above the interest of an advisory client.
 - b. Buying or selling securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
 - c. Purchasing or selling any security prior to a transaction(s) in the same securities being *implemented for an advisory account*.
2. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
3. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
4. We have established procedures for the maintenance of all required books and records.
5. We require all of our principals and employees to act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. We provide each supervised person of our firm a copy of the Code of Ethics on an annual basis.
7. We have established policies requiring the reporting of Code of Ethics violations to our Chief Compliance Officer.
8. Any individual who violates any of the above restrictions may be subject to termination.

AGGREGATION OF EMPLOYEE TRADES WITH CLIENT TRANSACTIONS

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price. Transaction costs will be charged a fixed, per-trade fee or a fee based on the number of shares traded for each client (depending upon the individual client's agreement with the applicable custodian/broker). In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

Please review the disclosures in Item 12 for a more detailed understanding of the firm's trade aggregation policies and procedures.

PRINCIPAL TRANSACTIONS

BFA and individuals associated with our firm are prohibited from engaging in principal transactions (i.e., a transaction where BFA or a person associated with BFA, as principal, buys securities from, or sells securities to, a BFA client).

Item 12. Brokerage Practices

DIRECTED BROKERAGE

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct BFA as to the broker-dealer to be used. BFA requests that clients direct us to place trades through National Financial Services LLC and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity"). BFA has evaluated Fidelity and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm in meeting our fiduciary obligations to clients.

Clients should note that BFA has an arrangement with Fidelity through which Fidelity provides BFA access to their Fidelity Institutional Wealth Services "platform" ("FIWS"). FIWS is offered to independent investment advisers by Fidelity. The platform services include, among others, brokerage, custodial,

administrative support, record keeping and related services that are intended to support intermediaries like BFA in conducting business and in serving the best interests of our clients but that may also benefit us. Although BFA does require all clients to direct brokerage services to Fidelity, clients should be aware that not all advisors require clients to direct brokerage.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables BFA to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies. BFA has no formal or informal arrangements with Fidelity to provide BFA with any specific research or brokerage services other than what is otherwise made available by Fidelity to the investment advisers that use its platform services.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of BFA clients and satisfies our client obligations, including our duty to seek best execution.

BFA reserves the right to decline acceptance of any client account for which the client directs the use of a broker other than Fidelity if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of Fidelity, it should be understood that BFA will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker). Clients should note, while BFA has a reasonable belief that Fidelity is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers.

SUMMARY OF TRADE AGGREGATION POLICY

BFA will aggregate (or block) client trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. BFA will typically aggregate trades among clients whose accounts can be traded at a given broker. BFA's block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with BFA, or our firm's order allocation policy.
2. BFA's portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable BFA to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
4. Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and pay transaction costs per the individual client's agreement with the custodian/broker.
7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
8. BFA's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on BFA's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.

Item 13. Review of Accounts

INDIVIDUAL PORTFOLIO MANAGEMENT

Reviews: While the underlying securities within Individual Portfolio Management 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 Damian Gallina, President and Chief Compliance Officer of BFA.

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 and balances.

FINANCIAL PLANNING

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 unless otherwise contracted for with the client. All such reviews will be conducted by Damian Gallina, President and Chief Compliance Officer of BFA.

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

FINANCIAL CONSULTING

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 unless otherwise contracted for with the client. Such reviews will be conducted by Damian Gallina, President and Chief Compliance Officer of BFA.

Reports: These clients will receive reports as contracted for at the inception of the advisory engagement.

Item 14. Client Referrals and Other Compensation

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 referral 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 may be increased as a result of the referral if that client receives *bona fide* financial planning services from the applicable Solicitor. BFA has at least one relationship where the Solicitor typically provides the client with such financial planning services.

Please review the disclosures in Item 5 for a more detailed understanding of when a client's fee may be increased as a result of their referral to BFA from a Solicitor.

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 send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Item 16. Investment Discretion

Clients may hire us to provide discretionary portfolio management services. Where we have been provided investment discretion, we place trades in a client's account without obtaining specific client permission prior to each trade. 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 advisory 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.

Item 17. Voting Client Securities

BFA does not vote client securities. Clients maintain exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore, BFA and/or the client shall instruct each custodian of the applicable assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

BFA also does not typically provide advice to clients regarding the clients' voting of securities.

Item 18. Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$500 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 maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. BFA has no additional financial circumstances to report and has never been the subject of a bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

The following individuals are the principal executive officers and management persons of BFA:

- Damian J. Gallina, President & Chief Compliance Officer

Information regarding the formal education and business background for Damian Gallina is provided in his respective Brochure Supplement.

BFA is not engaged in any business activity other than giving investment advice.

Neither BFA nor our supervised persons are compensated for advisory services with performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. Our firm and our management personnel have no reportable disciplinary events to disclose.

Neither BFA nor our management personnel have a relationship or arrangement with any issuer of securities.