

**ITEM 1. COVER PAGE FOR  
PART 2A OF FORM ADV: FIRM BROCHURE**

---

**DATED: AUGUST 31, 2012**

**KLEIN FINANCIAL CORP  
27 EAST MERRICK ROAD  
VALLEY STREAM, NY 11580  
PHONE: (516) 256-2000**

**FIRM CONTACT: TIBOR KLEIN, CHIEF COMPLIANCE OFFICER  
FIRM WEBSITE ADDRESS: [WWW.KLEINFS.COM](http://WWW.KLEINFS.COM)**

This brochure provides information about the qualifications and business practices of Klein Financial Corp. If you have any questions about the contents of this brochure, please contact our firm by telephone at (516) 256-2000 or by email at [tklein@kleinfs.com](mailto:tklein@kleinfs.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 Klein Financial Corp. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Klein Financial Corp. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

## **ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF FORM ADV: FIRM BROCHURE**

---

Klein Financial Corp. is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure. Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

### **Last Annual Amendment Filing date: 03/23/2012**

Since our last annual amendment filing, Klein Financial Corp's has amended our Pension Consulting Fee Schedule (Item 5(iv)). We now charge as follows:

#### Pension Consulting:

A custom pricing model is used for all pension/401(k) advisory services. The annual fee shall be calculated at up to 0.80% of all assets under management, prorated and charged quarterly in arrears, based upon the market value of the last business day of the previous billing period. Fees may be negotiable at the discretion of Advisor.

### **Last Interim Amendment Date: 05/24/2012**

Since our last interim amendment, our firm has gone through a thorough compliance review. As such we have amended some clarification throughout of ADV Part 2A. Please find a list of changes below:

- 1.) We have clarified that we manage accounts on a wrap and non-wrap fee basis. Services for non-wrap fee accounts are managed in the same manner as wrap fee clients. All accounts held at Pershing managed by our firm are still considered wrap accounts. (Item 4B(i), Item 5A, Item 5B)
- 2.) We have amended our Pension Consulting service description to clarify the services we offer. (Item 4B iv)
- 3.) We have amended the types of clients we serve. (Item 7)
- 4.) We have elaborated on our Method of Analysis and Investment Strategies. (Item 8)
- 5.) We have added Mr. Klein's outside business activities. (Item 10)
- 6.) We have elaborated on the benefits we receive from our relationship with our custodian. (Item 12)

Klein Financial Corp.'s Form ADV Part 2A Firm Brochure is available in hard copy upon request. Alternatively, you can obtain a copy at <http://adviserinfo.sec.gov>, under 'Part 2 Brochures' on the left hand side of the screen.

### ITEM 3. TABLE OF CONTENTS

<b><u>Section:</u></b>	<b><u>Page(s):</u></b>
Item 1. Cover page .....	1
Item 2. Material Changes.....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	7
Item 6. Performance-Based Fees and Side-By-Side Management .....	9
Item 7. Types of Clients and Account Requirements.....	9
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 9. Disciplinary Information .....	11
Item 10. Other Financial Industry Activities and Affiliations .....	11
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	11
Item 12. Brokerage Practices .....	13
Item 13. Review of Accounts or Financial Plans .....	17
Item 14. Client Referrals and Other Compensation.....	18
Item 15. Custody .....	19
Item 16. Investment Discretion .....	19
Item 17. Voting Client Securities.....	19
Item 18. Financial Information.....	20

## ITEM 4. ADVISORY BUSINESS

---

A. Description of our advisory firm, including how long we have been in business and our principal owner(s).

Klein Financial Corp is dedicated to providing our clients with a wide array of investment advisory services. We specialize in the following types of services: Asset Management, Financial Planning and Consulting, Pension Consulting, and Referrals to Independent Managers. Our firm is a corporation formed in the State of New York. We have been in business as an investment adviser since 2009 and is one hundred percent (100%) owned by Tibor Klein, President and Chief Compliance Officer.

B. Description of the types of advisory services we offer.

(i) Asset Management:

We emphasize continuous and regular account supervision. As part of our Asset Management service, we generally create a portfolio, consisting of individual stocks or bonds, CD's, exchange traded funds ("ETFs"), options, open and closed end mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

(ii) Financial Planning and Consulting:

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Group Benefits Analysis, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans and/or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consultation-only clients, we usually do not provide our clients with a written summary of our observations and recommendations as the

process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

(iii) Referrals to Independent Managers:

We provide clients with a list of investment advisory services of third party professional portfolio management firms for the individual management of client accounts. As part of this process, we assist clients in identifying an appropriate Independent manager. We provide initial due diligence on Independent managers and ongoing reviews of their management of your account.

In order to assist clients in the selection of an Independent manager, we typically gather information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that we do not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the Independent managers to clients.

We periodically review Independent managers' reports provided to the client, but no less often than on an annual basis. Our associates contact the clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to Independent managers as warranted; and, assist the client in understanding and evaluating the services provided by the Independent manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the Independent manager managing the account or sponsoring the program.

(iv) Pension Consulting:

401k Pension Consulting consists of assisting employees with monitoring and reviewing their company's participant-directed retirement plan. As the needs of the clients dictate, areas of advising could include:

- Market overview addressing the major markets, indices, sectors and the economic statistics that are affecting them.
- An in-depth portfolio summary, including fund and benchmark returns, style analysis and overall portfolio return.
- Assist with selection and monitoring of investment options at the plan level.
- A detailed examination of each mutual fund investment option within the plan, including performance numbers versus the category and index, manager style drift, risk/return, standard deviation, Sharpe ratio, upside and downside capture and fund allocation. This Agreement does not guarantee the future performance or results of any investment option recommended or reviewed.

Adviser will conduct strategic planning sessions to review current performance (quarterly reports) and establish future objectives and strategies for the Plan.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients, whether clients may impose restrictions on investing in certain securities or types of securities.

(i) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing our firm's Asset Management service. Additionally, we offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning and Consulting, Pension Consulting, and Referrals to Independent Managers.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to our Asset Management service. We do not manage assets through our other services.

D. Participation in wrap fee programs.

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

E. Disclosure of the amount of client assets we manage on a discretionary basis as of 12/31/11.

We manage \$85,000,000 on a discretionary basis as of 12/31/11.

## ITEM 5. FEES AND COMPENSATION

---

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally negotiable.

A. Description of how we are compensated for our advisory services provided to you.

(i) Asset Management:

Our firm's annual fees for investment management services provided under this Agreement shall be based on the market value of assets under management and shall be calculated between one-quarter percent (0.25%) to two-percent (2.00%) of all assets under management. These fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account based on the time-weighted daily average of the previous quarter.

(ii) Financial Planning and Consulting:

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees range from \$100 to \$250 for financial advisor. Flat fees generally range from \$1,500 to \$25,000. If our client engages our firm for additional investment advisory services, we may offset all or a portion of our fees for those services based upon the amount paid for the financial planning and/or consulting services.

(iii) Referrals to Independent Managers:

We are paid by Independent managers when we refer you to them and you decide to open a managed account. Independent managers pay us a portion of the investment advisory fee that they charge you for managing your account. Fees paid to us by Independent manager are generally ongoing. All fees we receive from Independent managers and the written separate disclosures made to you regarding these fees comply with relevant state statutes and rules. The separate written disclosures you need to be provided with include a copy of the Independent manager's Form ADV Part 2, all relevant Brochures, a Solicitation Disclosure Statement detailing the exact fees we are paid and a copy of the Independent manager's privacy policy. The Independent managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them.

(iv) Pension Consulting:

A custom pricing model is used for all pension/401(k) advisory services. The annual fee shall be calculated at up to 0.80% of all assets under management, prorated and charged quarterly in arrears, based upon the market value of the last business day of the previous billing period. Fees may be negotiable at the discretion of Advisor.

B. Description of whether we deduct fees from clients' assets or bill clients for fees incurred.

(i) Asset Management:

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the time-weighted daily average of the previous quarter. Fees will generally be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940.\*\*

\*In rare cases, we will agree to directly bill clients.

\*\*The legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

(ii) Financial Planning and Consulting:

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

(iii) Referrals to Independent Managers:

Independent managers establish and maintain their own separate billing processes which we have no control over. In general, they will directly bill you and describe how this works in their separate written disclosure documents.

(iv) Pension Consulting

Fees will be automatically deducted from the account. Clients will be provided with a quarterly statement from the plan record-keeper reflecting deduction of the advisory fee.

C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Non-Wrap fee Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund



which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

D. Client's advisory fees are due quarterly in advance.

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

E. Commissionable securities sales.

We do not sell securities for a commission. In order to sell securities for a commission, we would need to have our associated persons registered with a broker-dealer. We have chosen not to do so.

---

## **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

---

We do not charge performance fees to our clients.

---

## **ITEM 7. TYPES OF CLIENTS AND ACCOUNT REQUIREMENTS**

---

We have the following types of clients:

- Individuals;
- High-Net Worth Individuals; and
- Pension and Profit Sharing Plans.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We do not require a minimum account balance for our Asset Management service. Certain Independent Manager(s) may, however, impose more restrictive account requirements and varying billing practices than our firm. In such instances, we may alter our corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s) or wrap fee program sponsor.

---

## **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

---

A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

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

- a) **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.
  - b) **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.
2. We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.
- a.) **Long-term purchases.** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages 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.
  - b.) **Short-term purchases.** When utilizing this strategy, we may also 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.
  - c.) **Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.
  - d.) **Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.
3. **Risk of Loss:** Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

- B. Our practices regarding cash balances in client accounts, including whether we invest cash balances for temporary purposes and, if so, how.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments, and/or called fixed income securities. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Asset Management service.

---

## **ITEM 9. DISCIPLINARY INFORMATION**

Our firm and supervised persons have no disciplinary information to disclose.

---

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Mr. Klein, President of Klein Financial Corp serves as Investment Manager for KLEIN ND ACQUISITIONS FUND LLC on behalf of JPK North Dakota Management Corp. As such, Mr. Klein is the individual responsible for implementing KLEIN ND ACQUISITIONS FUND LLC's investment strategy, directing the investment of the Company's assets and managing the activities of KLEIN ND ACQUISITIONS FUND LLC's portfolio. This activity is unrelated to Mr. Klein's work at Klein Financial Corp. Klein Financial Corp is unaffiliated with Mr. Klein's other business activities. A conflict of interest only occurs to Klein Financial Corp. clients in the fact that Mr. Klein's other business activity takes a portion of his time. However, Mr. Klein believes that he will be able to devote sufficient and appropriate time to perform his fiduciary duties on behalf of Klein Financial Corp.

Mr. Klein is also a licensed insurance agent and as such may recommend to his advisory clients a variety of insurance products. He may offer commissionable (non-variable) insurance products to our firm's clients for which he may receive compensation. Insurance sales constitute 15% of Mr. Klein's time. No client is obligated to use any of Adviser's associated persons to implement any recommended insurance transactions. The principal business of Klein Financial Corp is conducting our firm's advisory business. While our associated persons endeavor to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation creates a potential conflict of interest regarding insurance recommendations.

---

## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

- A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- B. If our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 11A of this Brochure. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

- C. If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this Brochure. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## ITEM 12. BROKERAGE PRACTICES

---

A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Non-Soft Dollar Benefits.

Our firm has an arrangement with Pershing, LLC through Pershing Advisor Solutions (“Pershing”). Under the arrangement with Pershing, we receive services which include, among others, brokerage, custodial, administrative support, record-keeping and other related services that are intended to support our firm in conducting business and in serving the best interests of our clients.

a. Explanation of when we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

As part of the arrangement with Pershing, Pershing makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Pershing directly from independent research companies, as selected by our firm (within specific parameters). Pershing LLC has made available Black Diamond Performance Reporting software. Other research products and services may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Pershing to our firm in the performance of our investment decision-making responsibilities. The aforementioned non-soft dollar research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients’ interest in receiving best execution.

As a result of receiving the services discussed in 12A(1)(a) of this Firm Brochure for no additional cost, we may have an incentive to continue to use or expand the use of Pershing’s services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Pershing and we have determined that the relationship is in the best interest of our firm’s clients and satisfies our client obligations, including our duty to seek best execution.

Pershing charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Pershing enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Pershing’s commission rates are generally

discounted from customary retail commission rates. However, the commission and transaction fees charged by Pershing may be higher or lower than those charged by other custodians and broker-dealers.

- c. Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

Our non-wrap fee clients may pay a commission to broker-dealers that they choose. We do not receive soft-dollars from those broker-dealers. For wrap fee clients, a portion of their advisory fees paid to us may pay for commissions paid to Pershing. We do not have discretion to determine the commission rates to be paid to Pershing. The commission rates may be higher than another broker-dealer may charge to effect the same transaction. We have determined in good faith that the commission we may pay to Pershing is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. In all cases, we do not receive soft-dollar benefits for these commission rates.

- d. Disclosure of whether we use soft dollar benefits to service all of our clients' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

We do not receive soft dollar benefits.

- e. Description of the types of products and services our firm or any of our related persons acquired with client brokerage commissions (or markups or markdowns) within our last fiscal year.

Pershing also makes available to our firm other products and services that benefit us, but may not benefit our clients' accounts. Please note, these products and services are not acquired due to client brokerage commission, but rather a service Pershing offers to registered investment advisers whom utilizes their platform. These benefits may include national, regional or investment adviser specific educational events organized and/or sponsored by Pershing. Other potential benefits may include occasional business entertainment of personnel of our firm by Pershing personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Some of these products and services assist our firm in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial

number of our accounts, including accounts not maintained at Pershing. Pershing also makes available to our firm other services intended to help our firm manage and further develop our business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, Pershing may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Pershing may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. While, as a fiduciary, our firm endeavors to act in our clients' best interests, Adviser's recommendation/requirement that clients maintain their assets in accounts at Pershing may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by Pershing, which may create a potential conflict of interest.

As a result of receiving such products and services for no cost, we may have an incentive to continue to place client trades through broker-dealers that offer the aforementioned products and services. This interest conflicts with the clients' interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on the best execution policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

2) Brokerage for Client Referrals.

Our firm does not receive brokerage for client referrals.

3) Directed Brokerage.

- a. If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy.

In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing (often through our advisory agreement), and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant.

We provide appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that we otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, we will inform you in

writing that your trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

b. If we permit a client to direct brokerage, we are required to describe our practice.

We allow clients to direct brokerage. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

**Special Considerations for Sub-advisory Management Clients**

- a. We select brokers and dealers for any purchase or sale of assets of Client Accounts and are responsible for obtaining best execution for transactions. Consistent with this idea, we may, in the allocation of portfolio brokerage business and the payment of brokerage commissions, consider the brokerage and research services furnished the Sub-Adviser by brokers and dealers, in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended. Such research generally will be used to service all of our clients, but brokerage commissions paid by the Client Accounts may be used to pay for research that is not used in managing the Client Accounts.
  - b. Should a Client direct in writing that the Adviser or our firm use a particular broker or dealer, then such Client will negotiate terms and arrangements for their Account with that broker or dealer and we will not seek better execution services or prices from other broker-dealers. As a result, such Client Account may pay higher commissions or greater spreads, or receive less favorable net prices, on transactions for the Client Account than would otherwise be the case.
  - c. Adviser and our firm are not responsible or liable for the acts or omissions of any broker-dealer.
- B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.



### **ITEM 13. REVIEW OF ACCOUNTS OR FINANCIAL PLANS**

---

- A. Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a quarterly basis for our clients subscribing to our Asset Management service. Independent Management clients receive at least quarterly reviews. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Tibor Klein, Principal and Chief Compliance Officer, conducts reviews of all client accounts managed by our firm.

Pension consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to pension consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

- B. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

- C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Asset Management service.

As mentioned in Item 13A of this Brochure, pension clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Pension Consulting services.

As also mentioned in Item 13A of this Brochure, financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

#### ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

---

- A. If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

We may recommend that a client in need of brokerage and custodial services utilize Pershing LLC, among others. It may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates. Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through such broker as our firm recommends.

In selecting a broker/dealer, we will endeavor to select those broker/dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker/dealer's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. When consistent with our firm's fiduciary duty of best execution, the firm will direct trades to any of the suggested broker/dealers listed above.

Some clients may instruct us to use one or more particular broker/dealers for the transactions in their accounts. Clients who may want to direct our firm to use a particular broker/dealer should understand that this might prevent us from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent us from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities that they will obtain through their broker/dealer are adequately favorable in comparison to those that our firm would otherwise obtain for its clients.

We may receive non-soft dollar research and execution related services from Pershing LLC to assist our firm in managing its accounts. These services and products would include financial publications, pricing information and other products or services. Such research and execution related services are offered to all investment advisers who utilize these firms. However, the commissions charged by these parties may be higher than those charged by a broker who does not provide the aforementioned research and execution related services.

- B. If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

## ITEM 15. CUSTODY

---

- A. If we have custody of client funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) does not send account statements with respect to those funds or securities directly to our clients, we must disclose that we have custody and explain the risks that you will face because of this.

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

- B. If we have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to our clients, we are required to explain that you will receive account statements from the broker-dealer, bank, or other qualified custodian and that you should carefully review those statements.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

## ITEM 16. INVESTMENT DISCRETION

---

If we accept discretionary authority to manage securities accounts on behalf of clients, we are required to disclose this fact and describe any limitations our clients may place on our authority. The following procedures are followed before we assume this authority:

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Asset Management clients. We do not take or exercise discretion with respect to our other clients.

## ITEM 17. VOTING CLIENT SECURITIES

---

If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

However, Independent managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event an Independent manager votes proxies, 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. Therefore (except for proxies that may be voted by an Independent manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

## **ITEM 18. FINANCIAL INFORMATION**

---

We are not required to provide financial information to our clients because:

- We do not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 (six) months.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs its ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.