



HERITAGE

Financial Advisors

Building your legacy together.

An SEC Registered Investment Advisor

103 North River Road/Suite A
Waterville, Ohio 43566
(419) 887-5887 | (800) 769-3504

www.heritagefa.com

Form ADV Part 2
March 10, 2012

This brochure provides clients and prospective clients with information about Heritage Financial Advisors, LLC and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client.

The contents of this brochure have not been approved or verified by the Securities and Exchange Commission (SEC) or any other state or federal authority. While the firm is an investment advisor registered with the SEC, registration alone does not imply a certain level of skill or training on the part of the firm or its associated personnel.

Questions relative to the firm, its services, or this ADV Part 2 may be made to the attention of Ms. Sasha Wright, Chief Compliance Officer, at (800) 769-3504. Additional information about the firm is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Material Changes

The firm has amended its March 20, 2011 ADV Part 2 due to an update to its assets under management. No material changes have occurred.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's Website: www.adviserinfo.sec.gov or you may contact our firm at (800) 769-3504.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

Item 3 - Table of Contents

<u>Topic</u>	<u>Page</u>
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	6
Item 6: Performance-Based Fees and Side-By-Side Management	9
Item 7: Types of Clients	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9: Disciplinary Information	11
Item 10: Other Financial Industry Activities and Affiliations	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12: Brokerage Practices	15
Item 13: Review of Accounts	17
Item 14: Client Referrals and Other Compensation	18
Item 15: Custody	18
Item 16: Investment Discretion	19
Item 17: Voting Client Securities	19
Item 18: Financial Information	20
Item 19: Requirements for State-Registered Advisors	20
Part 2B: Brochure Supplement (Advisory Personnel)	21

This brochure contains 24 pages and should not be considered complete without all pages.

Item 4 - Advisory Business

Heritage Financial Advisors, LLC (the "firm") provides fee-only financial planning, investment consultation and investment management services that depending upon each client's unique circumstances or specific request may be general in nature or focused on particular areas of interest or need. The firm holds itself to a *fiduciary standard*, which means the firm and its associates will act in the utmost good faith and performing in a manner believed to be in the best interest of its clients.

As an SEC registered investment advisor domiciled and notice-filed in the State of Ohio, the firm and its associates may notice-file or meet certain exemptions in other jurisdictions in which they may conduct business. Majority shares in the firm are owned by North Coast Financial Advisors, Ltd. and Heritage II, LLC; as well as a minority share by S.M. Wright, LLC.

An estimated 90% of the firm's activities involve providing continuous supervision and management of client assets (collectively termed for this brochure as *investment management services*); five percent furnishing investment advice through consultations that does not include continuous management of the account (described as *investment consultation*); and the remaining five percent of the firm's effort is oriented toward financial planning services involving expense budgeting and savings; education, insurance, charitable and estate planning, among others. The firm does not sponsor or serve as portfolio manager for a wrap fee investment program. As of December 31, 2011, the firm had approximately \$76.9 million¹ of client assets under its management under a non-discretionary account agreement.

Introductory Review

A complimentary interview is conducted by a qualified representative of the firm to determine the scope of services to be provided. Prior to or during the initial meeting, the firm's current ADV Part 2 incorporating its Privacy Policy will be given to the client.

Should the client wish to engage Heritage Financial Advisors, LLC for its services, parties must enter into a written agreement, with further discussion and analysis conducted thereafter to ascertain financial need, goals, holdings, etc., as provided by the client.

Financial and portfolio planning will be based upon the information disclosed by the client or their legal agent, and incorporate the client's financial situation at the time the plan is presented. In performing its services the firm may, but is not required to, verify any information received from the client or from the client's agents.

Financial Planning and Investment Consultation Services

The firm provides financial planning and investment consultation services relating to various components which may be either broad-based or modular as the client may desire.

Financial planning services may be provided on such subjects as cash flow analysis, retirement capital needs, education funding, estate planning, charitable giving, or other specific needs as indicated by the

¹The term "assets under management" and rounding to the nearest \$100,000 are as defined by the SEC's 2010 *General Instructions for Part 2 of Form ADV*.

client. When these services focus only on certain areas of client interest or need, however, the client must understand that their overall financial situation or needs may not be fully addressed due to limitations they have established.

Investment consultation may involve educating the client in the types of investment vehicles available; investment analysis and strategies, asset selection, as well as assisting the client in establishing their own investment account at their selected broker/dealer or custodian. The firm typically utilizes a long term investment perspective, unless specifically requested to the contrary by the client.

The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation made by the firm. Moreover, it remains each client's responsibility to promptly notify Heritage Financial Advisors, LLC if there is a material change in their financial situation or investment objectives for the purpose of evaluating or revising the firm's recommendations or services.

The firm does not provide accounting or legal services. With the client's consent, the firm may work with the client's other advisors (accountants, attorneys, etc.) to assist with coordination and implementation of accepted strategies. The client should be aware that their other advisors may bill them separately for their services, and these fees will be in addition to those of the firm.

Engagements involving financial planning and investment consultation services may be concluded upon delivery of the requested service; however, the client is encouraged to engage the firm in the future. At no time will an engagement for these services span a calendar year period. Unless Heritage Financial Advisors, LLC is engaged for long-term services, pursuant a written agreement, it would be the client's responsibility to reengage these future services under a new or amended engagement.

Workshop Presentations

Appropriately trained and registered firm personnel may provide educational workshops on an "as announced" basis for groups desiring general advice on investments and personal finance. Topics may include issues related to wealth management, financial planning, retirement strategies, or various other economic and investment topics.

Such workshops or programs are purely educational in nature and do not involve the sale of any investment products. Information presented will not be based on any one person's need, nor does the firm provide individualized investment advice to attendees during these sessions.

Investment Management Services

Clients may also choose to engage the firm to implement the investment strategies it has recommended. Heritage Financial Advisors, LLC provides investment management services to its clients through either model or customized portfolios deemed appropriate to the client's investment objectives and tolerance for risk. The firm's investment strategy is further described in Item 8 of this brochure.

Model Portfolios - The firm will assist the client in selecting one or more model portfolios oriented toward the client's investment objective. Each portfolio is constructed based on the principles of the Modern Portfolio Theory. The result of this process is an allocation that potentially produces the highest possible return for a given level of risk. Cost-efficient index funds and exchange traded funds (ETFs) are researched and selected for each asset class in the model allocation.

Customized Portfolios - The firm offers more extensive investment management services to clients with account values in excess of \$1 million and whose circumstances require inclusion of individual securities or asset classes not available within a model portfolio. Existing positions within a client account containing various holdings will be evaluated and maintained when deemed appropriate.

Heritage Financial Advisors, LLC will assist the client in preparing an investment policy statement (IPS) reflecting the client's investment objectives, policy constraints and tolerance for risk. The IPS will be designed to be specific enough to provide guidance to the firm while concurrently allowing flexibility to respond to changing market conditions. Since the IPS will, to a large extent, be a product of information and data provided by the client, the client shall be responsible for review and final approval of the statement.

Charitable Foundations - The firm provides charitable foundations investment management services as determined by its IPS that has been created, reviewed or revised in consultation with firm advisory staff. Existing positions within a charitable foundation account containing various holdings will be evaluated and maintained when deemed appropriate.

Firm Services

The firm will use its best judgment and good faith effort in rendering its services to its clients. Heritage Financial Advisors, LLC cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, the firm will not be liable to the client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by the firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from the firm's adherence to the client or their legal agent's direction; or any act or failure to act by a service provider maintaining an account.

Notwithstanding the preceding, nothing within the client services agreement is intended to diminish in any way the firm's fiduciary obligation to act in the client's best interest or shall in any way limit or waive any rights clients may have under federal or state securities laws or the rules promulgated pursuant to those laws.

Item 5 - Fees and Compensation²

Financial Planning and Investment Consultation Services

Hourly fees for financial planning and incidental investment consulting services are \$100 to \$200 per hour; billed in 15-minute increments and a partial increment will be treated as a whole. The number of hours to complete the plan will be estimated and will depend upon the level and scope of those services required.

²Heritage Financial Advisors, LLC reserves the right (but is not obligated) to assess a lower fee to accounts established prior to the date of this brochure and to its associates or related persons' accounts maintained by the firm through its selected custodian.

Fixed fees may also be offered and based on the complexity of the client's issues and the anticipated number of hours estimated to provide the requested services, multiplied by the current hourly rate.

The firm may require an initial retainer of up to one-half the estimated fee in order to initiate a financial planning or investment consultation project. Fees or project balances for these services are due and payable upon delivery of the plan or advice.

If the client elects to further engage the firm to provide investment management services, certain financial planning services fees may be waived, at the discretion of a principal of the firm, during the initial engagement year.

Services to be provided and the anticipated fee range are detailed in the written client service agreement. Fees for these services are negotiable at the discretion of a firm principal, and comparable services may be provided elsewhere potentially for a lower fee.

Workshop Presentations

While most of the engagements are *pro bono* in nature, the firm may impose a fee for educational workshops. In the event there is a charge to workshop attendees, the fee will be published in the workshop announcement or invitation, or may be paid by the engagement sponsor. Fees for these events are typically a fixed amount paid at the time of the presentation.

Investment Management Services

Model Portfolios - A tiered, annualized asset-based fee (paid quarterly) is assessed for model portfolios that are calculated based upon the end of the reporting period's value for those assets under its management and as noted in the following table. The firm's fees for its model portfolios are negotiable at the discretion of a firm principal, and lower fees for comparable services may be available from other sources.

Assets Under Management	Annualized Fee
\$1 - \$100,000	1.50%
\$100,001 - \$200,000	1.25%
\$200,001 - \$500,000	1.10%
\$500,001 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.90%
\$2,000,001 - \$5,000,000	0.70%
\$5,000,001 or above	Negotiable

Customized Portfolios – Accounts with account values in excess of \$1 million, the firm provides customized portfolios with annualized asset-based fees (paid quarterly) that range from 0.50% to 1.50%; depending on account size, services required, and as agreed upon in advance with the client.

Charitable Foundations – Annualized asset-based fees range from 0.40% to 0.90%, or an alternative fixed fee is offered. Either fee rate is to be paid quarterly, determined by account size and level of service required.

“Householding” Accounts

At its discretion, the firm may aggregate or “household” investment management accounts (including multiple accounts) for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member or incompetent person's account. Should, however, investment objectives be substantially different for any two or more household accounts requiring different investment approaches, the firm reserves the right to apply its fee schedule separately to each account.

Billing Cycle and Fee Assessments

Annualized asset-based fees for investment management services will be billed quarterly, in arrears. Fee payments will generally be assessed within five business days following each calendar billing period.

The account's first billing cycle will occur once the account is funded and investments allocated, irrespective of a partial period under the firm's management. A partial period will be assessed a pro-rated fee.

For purposes of determining account asset value, securities and other instruments traded on a market for which actual transaction prices are publicly reported will be valued at the last reported sale price on the principal market in which they are traded. If there are no sales on such date, then they will be determined by the mean between the *closing bid* and *asked price* on such date. Other readily-marketable securities will be valued using a pricing service or through quotations from one or more dealers. In the absence of a market value, the firm may seek an independent third party opinion or through a good faith determination by a qualified firm associate.

The applicable investment management fees referenced include all fees and charges for the services of the firm and its investment advisor representatives. The client may be required to authorize in writing a selected broker/dealer or custodian (collectively, “service provider”) to deduct advisory fees, applicable transaction charges, etc., from client accounts and all such fees will be clearly noted on client statements. The firm will concurrently send the client and selected custodian a written notice of the fees to be deducted. Upon client request, an advance notice will be sent to the client that will include the total amount of the fee to be deducted from the account as well as the covered time period, assets under management, and the calculation formula.

For those accounts held by client's selected brokerage firm or custodian that the firm does not maintain an agreement, clients will be directly billed and fees will be due in full within 15 days of receipt of the firm's invoice. Clients may incur a one percent monthly charge for overdue accounts plus reasonable collection costs if necessary.

In all instances, the client bears shared responsibility for verifying the accuracy of fee calculations in their invoice/statement.

For more information about the firm's brokerage practices and its potential effect on fees, please refer to Item 12 of this brochure.

No-Load Products

Specific product recommendations made by the firm will usually be for “no-load” (i.e., no commission) products, if available. In some cases, such as with insurance products, there may not be a suitable selection of no-load products available for recommendation.

Any transactional or custodial fees assessed by the selected service providers and/or individual retirement account or qualified retirement plan account termination fees are borne by the client and are as provided in the current, separate fee schedule of the selected service provider. Fees paid to the firm for its services are separate from any charges the client may pay for mutual funds, ETFs or other investments of this type. The firm does not receive “trailer” or SEC Rule 12b-1 fees from any investment company. Fees charged by these issuers are detailed in prospectuses or product descriptions and clients are encouraged to read these documents before investing. The firm and its associates receive none of these described or similar fees or charges.

Termination of Services

Either party may terminate the agreement at any time, which will typically be in writing. Should the client verbally notify Heritage Financial Advisors, LLC of the termination and, if in two business days following this notification the firm has not received notice in writing; the firm will make written notice of such termination in its records and will send its own termination notice to the client as a substitute.

A new client may terminate an agreement with the firm within five business days after the signing of the services agreement without penalty or charge. Thereafter, any prepaid, unearned fees will be promptly returned.

For investment management services accounts, following termination notice, it will remain the client or their legal representative’s responsibility to ensure an immediate transfer is completed of any portfolio, account, or residual to the receiving service provider. The firm will not be responsible for future allocations, transactional services or investment advice upon receipt of a termination notice.

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

The firm’s investment management services fees will not be based upon a share of capital gains or capital appreciation of the funds or any portion of funds of an advisory contract, also known as performance-based fees. Heritage Financial Advisors, LLC also prohibits any affiliated entity or employee to engage in or benefit from side-by-side investment management arrangements, often reflective of managing a hedge fund or other similarly pooled fund.

Item 7 - Types of Clients

The firm provides its services to individual investors, trusts, estates, charitable organizations, foundations, and businesses of various scale. Clients are expected to provide an adequate level of information and supporting documentation to the firm throughout the engagement. This will allow the firm to determine the appropriateness of its financial planning or investment strategy for the client or their account; source of funds, or income levels, client or legal agent’s authority to act on behalf of the account, among others.

Heritage Financial Advisors, LLC does not require minimum income levels or dollar-value of assets for its financial planning, investment consultation or investment management model portfolios. Customized portfolios require a minimum of \$1 million in account assets.

The firm reserves the right to waive minimum conditions based on unique individual circumstances, special arrangements, pre-existing relationships or as otherwise may be determined by the Chief Compliance Officer. The firm also reserves the right to decline services to any prospective client for any reason.

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

Method of Analysis

If the firm is engaged to provide investment consultation or investment management services, the client's current financial situation, needs, goals, objectives and tolerance for risk are initially evaluated. Investment decisions are developed to aid in meeting overall objectives while minimizing exposure to certain types of risk. Asset allocation is a key component of investment portfolio design and the firm believes an appropriate allocation of assets across diverse investment categories (i.e., stock vs. bond, foreign vs. domestic, "large cap" vs. "small cap," etc.) is a determinant of portfolio returns and critical in the long-term success financial objectives.

The firm employs fundamental analysis that involves using data to evaluate a security's intrinsic value. For example, fundamental analysis of a bond's value could involve evaluating economic factors including interest rates, the current state of the economy, and information about the bond issuer's credit ratings. Fundamental analysis of a stock takes into account revenues, earnings, future growth, return on equity, profit margins and other data to evaluate a company's value and its potential for future growth.

Research may be drawn from sources including: financial publications; investment analysis and reporting software; inspections of corporate activities; research materials from outside sources; corporate rating services; annual reports, prospectuses and other regulatory filings; company press releases.

Investment Strategies

Heritage Financial Advisors, LLC's portfolios are generally constructed based on the principles of Modern Portfolio Theory. The result of this process is an allocation believed to produce the highest possible return for a given level of risk. Portfolios are rebalanced in an attempt to maintain optimal allocation while minimizing tax exposures and trading costs. In limited circumstances and on client request, the firm may offer advice on shorter-term investment strategies.

Typically, cost-efficient index mutual funds and ETFs are researched and selected for each asset class in the model allocation. Existing positions within a client account will also be evaluated and may be recommended to remain when deemed appropriate, which may include a broader range of mutual funds and other general securities, such as common or preferred stocks, bond debentures, U.S. Government issues, commercial paper, etc. This is not an all-inclusive list.

Risk of Loss

While the firm believes its strategies and investment selections are designed to potentially produce the highest possible return for a given level of risk, it cannot warrant or guarantee that an investment objective or planning goal will be achieved. Some investment decisions made may result in loss, which may include the original principal invested. The client must be able to bear the various risks involved in the investment of account assets, which may include market; currency, interest rate, liquidity, operational or political risk, among others.

When the firm's research and analyses is based upon commercially available software, rating services, general market and financial information, or due diligence reviews, the firm is relying upon the accuracy and validity of the information or capabilities being provided by selected vendors, rating services, market data, and the issuers themselves. The firm makes every effort to determine the accuracy of the information received but it cannot foretell events or actions taken or not taken, or the validity of all information it has researched or provided which may or may not affect the advice to or investment management of a client account or financial plan.

Whenever employing an efficient markets theory (such as Modern Portfolio Theory), an investor should consider the potential risk that their broader allocation may generate lower-than-expected returns than that from a specific asset, and that the return on each type of asset is a deviation from the average return from the asset class. The firm believes this variance from the "expected return" is generally low if the portfolio is made up of diverse, non-correlated assets.

Investment vehicles such as certain ETFs and indexed funds have the potential to be affected by "active risk" or "tracking error risk," which might be defined as a deviation from their stated benchmark (index). Since the core of a portfolio may attempt to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a "sample index" that may not as closely align the stated benchmark. In these instances, the firm may choose to reduce the weighting of a holding or use a "replicate index" position as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio.

Further, while many ETFs and index mutual funds are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are certain asset classes or holding periods that may not benefit. Shorter holding periods as well as certain commodities and currencies (that may be part of an ETF or mutual fund portfolio) may be considered "non-qualified" under certain tax code provisions, therefore, the holding's QDI will be considered if tax-efficiency is an important aspect of the portfolio.

Although not a common practice of the firm; those accounts that require the employment of more frequent trading strategies may result in additional transactional costs or create taxable events that will be borne by the client, and potentially reducing or negating any benefit derived by shorter term investing.

Item 9 - Disciplinary Information

Heritage Financial Advisors, LLC and its associates have not been the subject of a reportable legal or disciplinary event pursuant the Investment Advisors Act of 1940 (as amended) or similar state statute.

Item 10 - Other Financial Industry Activities and Affiliations

Neither the firm nor its associated persons are affiliated with or maintain a material relationship or arrangement with another financial industry entity, such as a broker/dealer.

The firm's policies require it and its personnel to conduct business activities in a manner that avoid actual or potential conflicts of interest between the firm, employees and clients, or that may otherwise be contrary to law. The firm will provide disclosure to its client prior to and throughout the term of an engagement of any conflicts of interest which will or may reasonably compromise its impartiality or independence.

Investment advisor representatives of the firm may hold individual membership or serve on boards or committees of professional industry associations such as the Financial Planning Association (FPA) or the Certified Financial Planner Board of Standards, Inc. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements.

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

Code of Ethics

The firm has adopted a Code of Ethics that sets forth the policies of ethical conduct for all personnel and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulation but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. The firm's policies include the prohibition against insider trading, circulation of rumors, and certain political contribution activities.

Firm personnel that are CFP® designees, as well as members of the FPA, also adhere to the Certified Financial Planner Board of Standards and Code of Ethics. These principles include:

Principle 1 – Integrity

An advisor will provide professional services with integrity. Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Advisors are placed by clients in positions of trust by clients, and the ultimate source of that trust is the advisor's personal integrity.

Allowance can be made for innocent error and legitimate differences of opinion; but integrity cannot co-exist with deceit or subordination of one's principles.

Principle 2 – Objectivity

An advisor will provide professional services objectively. Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which an advisor functions, an advisor should protect the integrity of their work, maintain objectivity and avoid subordination of their judgment.

Principle 3 – Competence

Advisors will maintain the necessary knowledge and skill to provide professional services competently.

Competence means attaining and maintaining an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Advisors make a continuing commitment to learning and professional improvement.

Principle 4 – Fairness

Advisors will be fair and reasonable in all professional relationships. Fairness requires impartiality, intellectual honesty and disclosure of material conflict(s) of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests.

Fairness is treating others in the same fashion that you would want to be treated and is an essential trait of any professional.

Principle 5 – Confidentiality

Advisors will protect the confidentiality of all client information. Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.

Principle 6 – Professionalism

Advisors will act in a manner that demonstrates exemplary professional conduct. Professionalism requires behaving with dignity and courtesy to all who use their services, fellow professionals, and those in related professions. Advisors cooperate with fellow advisors to enhance and maintain the profession's public image and improve the quality of services.

Principle 7 – Diligence

Advisors will provide professional services diligently. Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.

The firm periodically reviews and amends its Code of Ethics to ensure currency, and all firm access persons are required no less than annually to attest to their understanding and adherence.

Heritage Financial Advisors, LLC will provide a copy of its Code of Ethics to any client or prospective client upon request.

Privacy Policy Statement

The firm collects non-public personal financial information about its clients from the following sources:

- Information clients or their legal agent provide to complete the engagement;
- Information clients provide in agreements and client-firm documents;
- Information clients provide orally; and
- Information received from third parties, such as banks or custodians, about transactions.

The firm does not disclose non-public personal information about its clients to anyone, except in the following circumstances:

- When required to provide services clients have requested;
- When clients specifically authorize the firm to do so in writing; or
- When permitted or required by law.

To ensure security and confidentiality, the firm maintains physical, electronic, and procedural safeguards to protect the privacy of its clients. Firm employees are required to exercise diligence and due care in maintaining and protecting client non-public personal information, must be thoroughly familiar with the firm's privacy policies, and must immediately report any known or suspected privacy breach.

Identifiable information about the client or prospective client will be maintained during the span of the engagement, and for the period thereafter as required by privacy laws. After that time, information may be destroyed.

The firm will notify its clients annually of its privacy policy and at any time, in advance, if its privacy policy is expected to change.

Participation or Interest in Client Transactions

Neither the firm nor any related person are authorized to recommend to a client, or effect a transaction for a client, involving any security in which the firm or a related person has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc.

Associates are prohibited from taking or providing a loan from a client unless it is an approved financial institution or, in the case of natural person, an immediate family member.

Since the firm offers its clients financial planning and investment consulting services, in addition to investment management services, a potential conflict of interest may exist. Therefore, the client is under no obligation to act upon a firm recommendation. If the client elects to act on any of the firm's recommendations, they are under no obligation to execute them through the firm or its associates.

The firm recognizes that should it act as the advisor to the sponsor of an ERISA-qualified retirement plan (i.e., 401(k) or pension plan) and one of its investment advisor representatives serves in an advisory capacity to one or more of the plan's participants, a potential or implied conflict of interest may occur. The firm may require its employee to cease in this plan participant advisory capacity or, upon disclosure to and approval from the plan sponsor, allow the dual advisory role to continue and with consideration made to offset participant fees.

Investment advisor representatives may also serve as licensed insurance agents, and certain clients may have both an investment advisory and insurance relationship. In instances where an insurance product is purchased subsequent a financial plan the firm has been engaged by the client to develop, and the purchase is made through an associated representative (as agent) that results in a commission being paid to the agent by the issuer, the firm may offset its financial planning fee at the discretion of a firm principal or as required by jurisdictional statute.

Personal Trading

The firm and its related persons may buy or sell securities similar to those recommended to clients for their accounts. The firm may also make recommendations or take action with respect to investments for its clients that may differ in nature or timing from recommendations made to or actions taken for other clients or its employees. However, at no time will the firm or any related party receive preferential treatment over its clients.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading, firm policy may require the utilization of published lists that restrict or prohibit transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in any related person's account. The firm maintains the required personal securities transaction records per regulation.

Item 12 - Brokerage Practices

Heritage Financial Advisors, LLC is not affiliated with any bank, custodian, or broker-dealer firm ("service provider"). When engaged to provide investment consultation or investment management services, the firm will offer to use the service provider with whom the prospective client's assets are currently maintained. Should the client prefer a new service provider, the firm will suggest the institutional services division of Charles Schwab & Co., Inc. ("Schwab").

The firm believes the selection of Schwab is due to what the firm would describe as the industry's "best practices;" combining the elements of low (not necessarily the lowest) transaction costs to the client for the benefit of custody of client's securities, and service to both the client and the firm in its efforts to better serve their account. Such services involve, for example, handling client distribution and withdrawals, account billing services, electronic client statements, etc. Research is also a modest consideration.

It is the firm's policy to restrict non-cash compensation (termed "soft dollars" in certain jurisdictions) to products or services that enhance its ability to render quality advice and service to all of its clients that utilize any of Schwab services. Although the firm may maintain a majority of its business with Schwab, it derives no special benefit (any more than any other investment advisor) from doing so, nor does it "pay up" to receive these additional services.

Industry fees and schedules periodically change; subsequently transaction fees charged by Schwab may be higher or lower than those charged by other service providers. The firm believes, in good faith, that rates are reasonable in relation to the value of the services received. The fees paid by firm clients will also comply with the firm's duty to obtain "best execution" (as further defined in a following paragraph).

The firm periodically conducts an assessment of Schwab, its range of services and capabilities, as well as the reasonableness of fees, in comparison to other comparable industry providers.

Client Referrals

All compensation paid to the firm is paid directly by the client and, therefore, the firm does not receive any additional compensation when its clients engage a recommended custodian or other service provider.

Directed Brokerage

Heritage Financial Advisors, LLC does not require or engage in directed brokerage involving its accounts. The firm recognizes its obligation in seeking "best execution" for its clients, however, it is the firm's belief that the determinative factor is not always the lowest possible cost but whether selected service provider's transactions represent the best "qualitative" execution while taking into consideration the full range of services provided. Therefore, the firm will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction. The firm periodically reviews its policies regarding recommending service providers to clients in light of its duty to seek "best execution."

The client may direct the firm (in writing) to use another particular broker-dealer to execute some or all transactions for the client's account. In these circumstances, the client is responsible for negotiating, in advance, the terms and/or arrangements for their account with their selected broker-dealer. The firm will not be obligated to seek better execution services or prices for the client from these other broker-dealers. As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Further, pursuant the firm's obligation of best execution, it may decline a client's request to direct brokerage if the firm believes any directed brokerage arrangement would result in additional operational difficulties or risk.

Trade Aggregation

Transactions for each client will generally be effected independently unless the firm decides to purchase or sell the same securities for several clients at approximately the same time often termed "aggregated" or "batched" orders. The firm does not receive any additional compensation or remuneration as a result of aggregated transactions.

The firm may (but is not obligated to) aggregate orders in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among client accounts should there be differences in prices and commissions or other transaction costs that might have been obtained had such orders been separately placed.

Within aggregated orders, transactions will generally be averaged as to price and allocated among the clients on a *pro rata* basis on any given day and the firm will attempt to do so in accordance with applicable industry rules. Client accounts where trade aggregation is disallowed or infeasible may be assessed higher transaction costs than those that are batched.

In the event the firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include (in no particular order):

- when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weighting relative to other portfolios with similar mandates;
- allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts;
- if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts, such as that which might occur due to unforeseen changes in an account's assets after the order is placed;
- with respect to sale allocations, allocations may be given to accounts low in cash;
- when a *pro rata* allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, an account may be excluded from the allocation and transactions may be executed on a *pro rata* basis among the remaining accounts; or
- when a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis, with an eye toward the “randomness” of the process (i.e., not always A-to-Z or vice versa, etc.).

The firm reviews both its trade aggregation procedures and allocation processes on a periodic basis to ensure it remains within stated policies and regulation.

Item 13 - Review of Accounts

Periodic financial check-ups or reviews are recommended for those clients receiving incidental financial planning and investment consultation services; and it is the client's responsibility to initiate these reviews.

Investment management services accounts are periodically reviewed throughout the year by the assigned investment advisor representative, supervisory personnel, or a qualified independent entity engaged by the firm.

Additional reviews may be triggered by news or research related to a specific holding, a change in the firm's view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector.

Accounts may also be reviewed when being considered for an additional holding or an increase in a current position. Account cash levels above or below that deemed appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

Item 14 - Client Referrals and Other Compensation

The firm does not currently engage in solicitation activities as defined by Rule 206(4)-3 of the Investment Advisors Act of 1940, or similar state statute, nor does it pay a direct or indirect fee for referrals.

Associates of Heritage Financial Advisors, LLC may be members of various industry professional organizations, such as those earlier noted in Item 10. An added benefit these entities may provide to the investing public is the availability of firm or investment advisor representative information on their website that thereby allows interested parties (prospective clients) to search for participant firms or individual planners within a selected area. These passive website listings provide a means for interested persons to contact a firm or individual financial planner via electronic mail or telephone number so that the interested person may interview the participant firm or an individual planner. Members of the public may also choose to telephone association support staff to inquire about a firm or individual planner within their area, and would receive the same information.

Prospective clients locating a firm or individual financial planner via any of the noted venues are not actively marketed by the FPA or the CFP® Board, nor do they pay more for their services than another client who may be referred in another fashion, such as a personal referral from another advisor client.³ Further, the firm does not pay these associations for these prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

Item 15 - Custody

Client funds and securities will be maintained by unaffiliated, qualified custodians (such as Schwab); banks, broker/ dealers, mutual fund company, or transfer agent; not with or by Heritage Financial Advisors, LLC or any of its associates.

The firm will not accept or forward client securities (i.e., stock certificates) erroneously delivered to the firm.

At no time will a firm employee be authorized to have knowledge of a client's account access information (i.e., online 401(k), personal brokerage, or bank accounts), even for the "accommodation" of the client or their legal agent.

Policy restrict the firm and its associated persons from acting as trustee for or having full power of attorney over a client account unless it is for the benefit of an immediate family member and approved in advance by the Chief Compliance Officer.

At no time will the firm's fees for a client account be collected for its services to be performed more than six months in advance *and* for \$1,200 or more.

Clients will be provided transaction confirmations and summary account statements sent directly from their selected service provider; not through or by Heritage Financial Advisors, LLC. Typically, these statements are provided on a monthly or quarterly basis, and as transactions occur. Clients are

³The firm believes this arrangement is in consonance with SEC No-Action Letter No. 1251421 (January 25, 2002) in its response to the National Football League Players Association.

reminded to inform the firm if they do not receive these statements in a timely fashion. For those accounts that elect to receive electronic statements from the selected service provider, they must ensure they maintain a current electronic mail address with that entity.

Clients may receive periodic reports from Heritage Financial Advisors, LLC that may summarize account performance. They are urged to compare their account statements received from the assigned service provider with those performance reports they receive from the firm for accuracy.

Item 16 - Investment Discretion

Heritage Financial Advisors, LLC provides investment management services to its clients via a non-discretionary account agreement. Therefore, before the firm is able to implement an investment decision on behalf of an account, such as a purchase or sale of a security, the client must grant the firm the authority to do so. Investment management services clients must make themselves available and keep the firm apprised of their current contact information so that transaction instructions can be efficiently effected on their behalf. *By definition and absent client written instruction to the contrary, non-discretionary account transactions do not involve those with respect to a trade execution's price or time.*

Model portfolio accounts will be managed by nationally-recognized third party investment managers (such as Dimensional Fund Advisors) who will generally assume discretionary authority over the client's account. Heritage Financial Advisors, LLC will not manage or obtain discretionary authority over client assets in the accounts participating in these model portfolios. Similar to a limited power of attorney, this authority allows the third party investment manager to implement investment decisions on behalf of the client's account without prior client authorization in order to meet the stated account objectives.

Should the client desire their model portfolio account to be managed in a non-discretionary manner, thereby restricting execution of any or all transactions to occur following client approval, the client should be aware that the third party investment manager typically retains the discretion to either terminate the account or continue to manage the account under a higher asset-based fee. The client should review the selected third party investment manager's disclosures and agreement documents to determine its investment discretion authority and policies.

All account restrictions, limitations, and rescissions will be made in writing by the client and approved in writing by the Chief Compliance Officer. A record will be made and retained per regulation for each of these actions.

Item 17 - Voting Client Securities

Proxy Voting

The firm does not vote client proxies nor offers guidance on the voting of client proxies. Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to the client's investment assets.

Other Corporate Actions

The firm will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

Firm's Receipt of Materials

A client may receive proxies or other similar solicitations directly from their selected custodian or transfer agent. If the firm receives correspondence for a client relating to the voting of their securities, class action litigation, or other corporate actions, it will typically forward the correspondence to the client or another entity (i.e., client counsel, etc.) if so directed.

Item 18 - Financial Information

Balance Sheet

With the exception of our having the ability to withdraw advisory fees through the engagement of a qualified, unaffiliated custodian per the client's written authorization, we will not have custody of client assets (as described in Item 15). This includes the firm's policy of not collecting client fees of \$1,200 or more for services to be performed six months or more in advance.

Due to the nature of our firm's services and operational practices, an audited balance sheet is not required nor included in this brochure.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

The firm and its management do not have a financial condition likely to impair its ability to meet our commitment to firm clients.

Bankruptcy Petitions during the Past 10 Years

The firm and its management have not been the subject of a bankruptcy petition at any time during the past 10 years.

Item 19 – Requirements for State-Registered Advisors

As a federally-registered investment advisor, this section of our brochure is not applicable to our firm.

Part 2B: Brochure Supplement (Advisory Personnel)

Firm Name

Heritage Financial Advisors, LLC

Managing Member/Investment Advisor Representative

Charlotte (Char) B. Sargeant

Educational Background and Business Experience

Educational Background

B.S. Education - Ohio University

M.S. Education - Ohio State University

CERTIFIED FINANCIAL PLANNER™ Practitioner (CFP®)¹

Series 65/Uniform Investment Advisor Law Examination - NASAA

Life, Health, Accident & Variable Annuities License - Ohio Department of Insurance

Business Experience

Heritage Financial Advisors, LLC - Managing Member/Financial Planner (2009-Present)

OBS Financial Services, Inc. - Financial Planner (2003-2010)

Modern Portfolio Management, Inc. - Financial Planner (1999-2002)

Disciplinary Information

None

Other Business Activities

Although the majority of Ms. Sargeant's time is involved in providing financial planning and investment management services to firm clients on a fee-only basis, she is also a licensed to sell life insurance and fixed annuities. She may have both an investment advisory and insurance agent relationship with certain clients.

Ms. Sargeant is the majority owner of North Coast Financial Advisors, Ltd. (2004-Present) which maintains 48% of shares of Heritage Financial Advisors, LLC. She is also the majority owner of the Swiss Co., Ltd. (2004-Present); an Ohio-based commercial real estate company.

Ms. Sargeant is also a standing member of the FPA and Certified Financial Planning Board of Standards, Inc.

Additional Compensation

The firm prohibits employees from accepting or receiving additional economic benefit, such as sales awards or other prizes, for providing advisory services to its clients.

Supervision

Ms. Sasha Wright serves as the firm's Chief Compliance Officer and designated supervisor of its personnel. She may be contacted at (800) 769-3504.

¹The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Part 2B: Brochure Supplement (Advisory Personnel)

Firm Name

Heritage Financial Advisors, LLC

Managing Member/Chief Compliance Officer/Investment Advisor Representative

Sasha M. Wright

Educational Background and Business Experience

Educational Background

B.S. Business Administration - Capella University

CERTIFIED FINANCIAL PLANNER™ Practitioner (CFP®)¹

Series 66/Uniform Combined State Law Examination - NASAA

Life, Health, Accident & Variable Annuities License - Ohio & Michigan Departments of Insurance

Accredited Retirement Plan Consultant - Society of Professional Asset Managers and Record Keepers

Business Experience

Heritage Financial Advisors, LLC - Managing Member/Chief Compliance Officer/Financial Planner
(2009-Present)

OBS Financial Services, Inc. - Investment Advisor Representative (2007-2010)

Merrill Lynch, Pierce, Fenner & Smith, Inc. - Registered Client Associate (2004-2007)

Disciplinary Information

None

Other Business Activities

Although the majority of Ms. Wright's time is involved in providing financial planning and investment management services to firm clients on a fee-only basis, she is also a licensed to sell life insurance and fixed annuities. She may have both an investment advisory and insurance agent relationship with certain clients.

Ms. Wright is the majority owner of S. M. Wright, LLC (2010-Present) which maintains 6% of shares of Heritage Financial Advisors, LLC, and Heritage II, LLC (2010-Present) which maintains 46% of shares of Heritage Financial Advisors, LLC (52% overall).

Additional Compensation

The firm prohibits employees from accepting or receiving additional economic benefit, such as sales awards or other prizes, for providing advisory services to its clients.

Supervision

Ms. Wright serves in multiple capacities with the firm; such as Managing Member, Chief Compliance Officer and Investment Advisor Representative. The firm recognizes that not having all organizational duties segregated may potentially create a conflict of interest; however, the firm employs policies and procedures to ensure appropriate recordkeeping and supervision. Certain functions may be outsourced to assist in these efforts when necessary. Questions relative to the firm, staff, its services, or this ADV Part 2 may be made to the attention of Ms. Wright at (800) 769-3504.

Additional information about the firm, other advisory firms, or associated investment advisor representatives is available on the Internet at www.adviserinfo.sec.gov. A search of this site for firms or their associated personnel can be accomplished by name or a unique firm identifier, known as an IARD number. The IARD number for Heritage Financial Advisors, LLC is 154955.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may also be obtained by calling the SEC or state securities division office.

¹The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.