

Wrap Fee Brochure

March 18, 2014

Financial One Wrap Fee Program

Sponsored By



This brochure provides information about the qualifications and business practices of Financial One, Inc. (hereinafter "Financial One" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at (561) 241-0000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Financial One, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Financial One, Inc. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

7781 NW Beacon Square Blvd., Suite 102, Boca Raton, FL 33487 | (561) 241-0000
www.financial1one.com

Item 2. Material Changes

This Item discusses only the material changes that have occurred to the Wrap Brochure since Financial One's last annual update. As this is the Firm's first annual update, there are no material changes to disclose in this item.

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Item 4. Services, Fees and Compensation

Description of the Program

The Financial One Wrap Fee Program (the “Program”) is an investment advisory program sponsored by Financial One, a registered investment adviser which has been in business since September 2013. The Program provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. As described below, the Program is provided as part of a comprehensive wealth management offering and includes the discretionary investment management of clients’ portfolios, as well as financial planning and/or consulting services.

Prior to engaging Financial One to provide services through the Program, the client is required to enter into a written agreement with Financial One setting forth the terms and conditions under which Financial One renders its services (the “*Agreement*”). Clients must also open a new securities brokerage account and complete a new account agreement with TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. (“*TD Ameritrade*”) or another broker-dealer Financial One approves under the Program (collectively “*Financial Institutions*”). Financial One participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“*TD Ameritrade*”), an unaffiliated SEC-registered broker-dealer and FINRA member.

This Wrap Fee Brochure describes the business of Financial One as it relates to clients receiving services through the Program. Certain sections also describe the activities of the Firm’s *Supervised Persons*, which refer to any officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees, or other persons who provide investment advice on Financial One’s behalf and are subject to the Firm’s supervision.

In addition to the Program, the Firm also provides financial planning, consulting, and investment management services under different arrangements than those described in this brochure. Information about these services and fees are contained in Financial One’s Disclosure Brochure.

Fees for Participation in the Program

Wealth management services are offered through the Program for an annual fee based upon the amount of assets under the Firm’s management. The fee varies between 60 and 175 basis points (0.60% – 1.75%), depending upon the size of a client’s portfolio, the type of services rendered and whether the Firm allocates assets to independent investment managers (“*Independent Managers*”). Certain legacy clients may be subject to a different fee schedule. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Financial One on the last day of the previous billing period.

For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

Fee Comparison

A portion of the fees paid to Financial One are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios. Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Since Financial One will pay the transaction/executions costs associated with equities transactions, there is a conflict of interest because the Firm has a disincentive to trade securities.

Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

Fee Discretion

Financial One, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and *pro bono* activities.

Additional Fees and Expenses

Clients may incur certain charges imposed by third parties in addition to the Program fee. These additional charges may include fees charged by *Independent Managers*, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Fee Debit

Clients generally provide Financial One and *Independent Managers* with the authority to directly debit their accounts for payment of the investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Financial One.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Financial One's right to terminate an account and subject to the usual and customary securities settlement procedures. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

The Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Financial One may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Compensation for Recommending the Program

Financial One has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation.

Item 5. Account Requirements and Types of Clients

Types of Clients

Financial One generally provides its services to individuals and families, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimums Imposed By Independent Managers

Financial One does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than Financial One. In such instances, Financial One may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Item 6. Portfolio Manager Selection and Evaluation

Financial One acts as the sponsor and sole portfolio manager under the Program. Financial One provides clients with wealth management services, which generally include financial planning services as well as the discretionary management of investment portfolios.

Financial Planning and Consulting Services

Financial One offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Business Planning
- Cash Flow Analysis
- Asset Allocation
- Retirement Planning
- Tax Planning
- Insurance Planning
- Education Planning
- Estate Planning

The above services are offered in conjunction with discretionary investment portfolio management as part of a wealth management engagement. In performing these services, Financial One is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

The Firm may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Financial One recommends its own services. The client is under no obligation to act upon any of the recommendations made by the Firm under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Financial One itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Financial One's recommendations. Clients are advised that it remains their responsibility to promptly notify Financial One if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the Firm's previous recommendations and/or services.

Management of Investment Portfolios

Clients' investment portfolios are generally managed on a discretionary basis by either Financial One's investment adviser representatives or *Independent Managers* selected by Financial One. Financial One and/or the *Independent Managers* generally allocate clients' assets among the various investment products available under the Program, as described below.

The Firm primarily allocates clients' investment management assets among mutual funds, ETFs, and individual debt and equity securities. The Firm may also allocate assets among master limited partnerships ("MLPs") and any other type of investment or legacy position held in client portfolios in order to achieve the desired investment objectives. In addition, in limited circumstances, Financial One may recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds, private equity funds, etc.).

Clients may also engage Financial One to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, the Firm directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Financial One tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. The Firm consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Financial One if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Financial One determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

Use of Independent Managers

As mentioned above, Financial One may select certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either Financial One or the client.

Financial One evaluates various information about each *Independent Manager* it chooses, which may include public disclosure documents, materials supplied by the *Independent Managers* themselves and/or other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Financial One also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

When working with *Independent Managers*, Financial One generally provides services relative to the discretionary selection of these managers. The Firm monitors the performance of those accounts being managed by *Independent Managers* on an ongoing basis, and seeks to ensure the strategies and target allocations utilized remain aligned with its clients' investment objectives and overall best interests.

If Financial One refers a client to an *Independent Manager* where Financial One's compensation is included in the advisory fee charged by such *Independent Manager* and the client engages the *Independent Manager*, Financial One is compensated for its services by receipt of a fee to be paid directly by the *Independent Manager* to Financial One in accordance with the requirements of Rule

206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee is paid solely from the *Independent Manager's* investment management fee, and does not result in any additional charge to the client.

Investment Strategies and Methods of Analysis

The Firm utilizes various methods of analysis to analyze investments for clients including, but not limited to, fundamental analysis. Fundamental analysis involves the fundamental financial condition and competitive position of a company. Financial One will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

As stated above, the Firm primarily allocates clients' investment management assets among mutual funds, ETFs and individual debt and equity securities. The Firm may also allocate assets among *Independent Managers*, MLPs and any other type of investment or legacy position held in client portfolios in order to achieve the desired investment objectives.

Risks of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

Market Risks

The profitability of a portion of Financial One's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other securities. There can be no assurance that the Firm will be able to predict those price movements accurately.

Use of Independent Managers

As stated above, Financial One may recommend the use of *Independent Managers*. In these situations, the Firm continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their own investment strategies. In addition, Financial One generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains,

as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Use of Private Collective Investment Vehicles

Clients may come to the Firm with legacy positions in privately placed collective investment vehicles. The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The private funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. The client should have received a private placement memorandum and/or other documents explaining such risks.

Use of Margin

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Financial One in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Firm will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to Financial One. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

Performance-Based Fees and Side-By-Side Management

Financial One does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Voting of Client Securities

Financial One is required to disclose if it accepts authority to vote client securities. The Firm does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 7. Client Information Provided to Portfolio Managers

Clients participating in the Program generally grant Financial One the authority to discuss certain non-public information with the *Independent Managers* engaged to manage their accounts. Depending upon the specific arrangement, the Firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. Financial One may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the *Independent Managers'* investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its clients' portfolios.

Item 8. Client Contact with Portfolio Managers

There are no restrictions on clients' ability to contact and consult with Financial One. Clients can generally contact the *Independent Managers* managing their portfolios through Financial One by providing the Firm with written request and identification of the questions or issues to be discussed with the *Independent Managers*. After receiving the client's written request, Financial One, at its sole discretion, may contact the *Independent Managers* for the client or arrange for the *Independent Managers* and the client to communicate directly.

Item 9. Additional Information

Disciplinary Information

Financial One has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Other Financial Industry Activities and Affiliations

Receipt of Insurance Commission

Certain of Financial One's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that Financial One recommends the purchase of insurance products where the Firm's *Supervised Persons* receive insurance commissions or other additional compensation.

Related Certified Public Accountants and Law Firm

Financial One does not render accounting advice, legal advice or tax preparation services to its clients. Rather, to the extent that a client requires these services, Financial One, if requested, will recommend the services of a Certified Public Accountant or attorney that will perform these services independently and pursuant to a separate agreement.

Financial One shall not receive any of the fees charged by any recommended Certified Public Accountant or law firm, referral or otherwise. Specifically, the Firm's President, Howard Schwartz, is also an attorney and Certified Public Accountant and owner of a Certified Public Accounting and law firm, the Law Office of Howard L. Schwartz, P.A. Although Financial One shall not receive referral fees from these affiliated companies, Mr. Schwartz shall be entitled to receive distributions relative to his respective ownership interests. A conflict of interest exists to the extent Financial One recommends the services of these affiliated entities where Mr. Schwartz receives distributions in his capacity as an owner.

No portion of Financial One's financial planning or other advisory services should be interpreted as legal advice. Rather, clients should defer to the advice of their own attorney.

Code of Ethics

Financial One has adopted a code of ethics in compliance with applicable securities laws ("*Code of Ethics*") that sets forth the standards of conduct expected of its *Supervised Persons*. Financial One's *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons*, and the trading of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of Financial One's personnel (called "*Access Persons*") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any

appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client where there may be a potential for conflict, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Financial One to request a copy of its *Code of Ethics*.

Account Reviews

For those clients to whom Financial One provides wealth management services, the Firm monitors those portfolios as part of an ongoing and regular process to better position the client towards meeting their financial goals. It is part of the Firm's process to conduct quarterly account reviews to evaluate both personal and market/economic developments that may impact the clients' long term goals and investment objectives. Such reviews are conducted by one of the Firm's investment adviser representatives.

All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Financial One and to keep the Firm informed of any changes thereto. Financial One contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Financial One and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements

they receive from their custodian with those they receive from Financial One or an outside service provider

Client Referrals

Financial One is required to disclose any direct or indirect compensation that it provides for client referrals. The Firm does not have any required disclosures to this Item.

Receipt of Economic Benefit

Financial One has arrangements in place whereby the Firm receives an economic benefit from a third-party for providing investment advice to clients participating in the Program. Specifically, *TD Ameritrade* offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. Financial One receives some benefits from *TD Ameritrade* through its participation in the program.

Financial One may receive from *TD Ameritrade*, without cost to the Firm, computer software and related systems support, which allow Financial One to better monitor client accounts maintained at *TD Ameritrade*. The Firm may receive the software and related support without cost because Financial One renders investment management services to clients that maintain assets at *TD Ameritrade*. The software and support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support may benefit Financial One, but not its clients directly. In fulfilling its duties to its clients, Financial One endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Firm’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Financial One’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

There is no direct link between Financial One’s participation in the program and the investment advice it gives to its clients, although Financial One receives economic benefits through its participation in the program that are typically not available to *TD Ameritrade* retail investors. Additionally, Financial One may receive the following benefits from *TD Ameritrade* through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist Financial One in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help Financial One manage and further develop its business enterprise. The benefits received by Financial One’s participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*.

Financial Information

Financial One is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

*Financial***1***One*

Prepared by:



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