

## Form ADV Part 2

### ADV Disclosure Brochure for Clients and Prospective Clients of First Affirmative Financial Network

#### Introduction and Overview (Item 1)

This Brochure describes the qualifications and business practices of First Affirmative Financial Network, LLC (First Affirmative). It is designed to comply with new disclosure rules promulgated by the Securities and Exchange Commission (SEC) in July 2010. As a result, it is substantially different in form and content than the previous Form ADV or the ADV Brochure that First Affirmative has published for many years. First Affirmative has previously provided disclosure information in a narrative format. This document includes much of the information previously provided, as well as some newly required disclosure information.

This Brochure is required to be delivered to any prospective client prior to entering into a business relationship with First Affirmative. It has been filed with the SEC and is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a

unique identifying number known as a "CRD number." First Affirmative's CRD number is 109036. You can also access an electronic copy of this document on the First Affirmative website at [www.firstaffirmative.com](http://www.firstaffirmative.com). If you have any questions about the contents of this Brochure, please contact First Affirmative's Chief Compliance Officer, Kathleen J. Lewis at 719-636-1045 or [kathy@firstaffirmative.com](mailto:kathy@firstaffirmative.com). The information in this Brochure has been filed with but neither approved or verified by the SEC or by any state securities authority.

#### Material Changes (Item 2)

Consistent with the new SEC rules, annual updates will be provided to all First Affirmative clients via a "Material Changes" document within 120 days of the close of the firm's fiscal year, which is the calendar year. Throughout the year, we will provide all clients with additional information about material changes, as necessary.

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First Affirmative Financial Network, LLC  
is an independent Registered Investment  
Advisor (SEC File # 801-56587)

March 31, 2015

## Advisory Business (Item 4)

First Affirmative Financial Network, LLC is a SEC-registered investment advisor with its principal place of business located in Colorado. First Affirmative began conducting business in 1999. George Richard Gay, Managing Member and Chief Executive Officer, and Steven Jerome Schueth, Managing Member and President, are the two principal shareholders of the firm.

As of 2/28/15, First Affirmative was actively managing \$848,893,638 of client assets on a discretionary basis, plus \$124,462,890 of client assets on a non-discretionary basis.

At First Affirmative, we believe that the ways we save, spend and invest can dramatically influence both the fabric and consciousness of society. Investors can make a meaningful difference by consciously directing investment capital toward enterprises that contribute to a clean, healthy environment, treat people fairly, embrace equal opportunity, produce safe and useful products, and support efforts to promote world peace. Clients who choose to invest with First Affirmative make a conscious choice to put their money to work for a dual purpose—to provide for a secure retirement, for example, while working for a better, more socially just and environmentally sustainable future for all.

### || Network Advisors

First Affirmative supports a nationwide network of qualified investment professionals prepared to assist clients in achieving their financial goals. First Affirmative's services may be offered in several ways, by advisors with different types of relationships with the firm:

- Investment Advisory Representatives (IARs) of First Affirmative Financial Network, LLC. IARs are registered specifically with, and are supervised by, First Affirmative. In the narrative that follows, IARs will be identified specifically when disclosures made apply only to our registered persons. Unless dually registered (a situation which must be clearly disclosed), IARs offer ONLY those investment services and products approved by First Affirmative (with the exception of life insurance and tax preparation).
- Through Selling Agreements with Broker-Dealers or other Registered Investment Advisory firms (many Broker-Dealers own subsidiary Registered Investment Advisory firms). Representatives of Broker-Dealers and/or other Registered Investment Advisory firms may offer other products and services beyond those offered by First Affirmative, and may be compensated in other ways beyond those described in this document.
- Through Solicitor's Agreements with Broker-Dealers or other Registered Investment Advisory Firms.

- Through Sub-Advisory Agreements with other Registered Investment Advisory Firms.
- Via third-party Investment and/or Custodial Platforms which may host and offer our services, along with those of other Advisory Firms.

When the term "Network Advisor" is used in this document, it is inclusive of the first three types of relationships identified above. References to services, situations, and activities specific to any one type of relationship will be clearly identified.

Clients have a range of choices as to the services available and the ways in which their network advisor is compensated. Please note, however, that not all services are available from every network advisor. As described above, First Affirmative works with representatives of many different broker-dealers and advisory firms; representatives of those firms have the prerogative to offer only certain of our services, along with other services that may be available through their firm.

### || Fee-Based Investment Services

First Affirmative Financial Network creates unique relationships with clients by combining fee-based investment advisory services and advanced financial technologies with responsible investment strategies that consider environmental, social and governance (ESG) factors. Generally, our innovative approach combines...

**Fiduciary Responsibility.** In our relationship with clients, we acknowledge that we serve and act in a Fiduciary capacity. Our primary resource for understanding our fiduciary responsibilities and discharging them properly include: Prudent Practices for Investment Advisors: Defining a Global Fiduciary Standard of Excellence for Investment Advisors (U.S. Edition), written by Fiduciary 360, copyright 2000–2008, and other documents, training and continuing professional education provided by Fiduciary 360, the Foundation for Fiduciary Studies, and other professional organizations, as well as applicable laws and regulations.

**Service.** Network advisors assist clients in developing an investment portfolio based on current needs, financial goals, and personal/organizational values. The network includes specialists in financial planning, investment advice, taxation, estate planning, insurance, and other specialty areas that may be critical to a client's financial health. Our administrative systems provide reports that are timely and accurate.

**Selection.** One size does not fit all. First Affirmative offers a variety of fee-based investment options, each designed to best meet the needs of specific types of clients.

**Objectivity.** Network advisors are paid to provide their clients with objective, professional advice and prompt service. Fees

for account management are generally based on assets under management in the client account. As a result, the client's interests and those of the network advisor and First Affirmative are closely related.

**Reasonable Cost.** Through special arrangements with Schwab Advisor Services, Folio Institutional, TD Ameritrade Incorporated, and MG Trust, and other select service providers, First Affirmative clients receive low cost custodial and transaction services. Our fees are flexible, competitive, and clearly understandable, allowing clients to estimate their total costs in advance.

**Access.** Our clients have access to a broad range of investment managers, research organizations, socially screened mutual funds, and other investment opportunities. As a nationwide network providing specialized services to socially conscious investors, we take pride in our collaborative relationships with other leading organizations within the sustainable, responsible, impact investment (SRI) industry.

Specifically, we offer the following fee-based advisory services to our clients:

1. Sustainable Investment Solutions™—discretionary asset management
2. Model Portfolio Management
3. Financial Planning
4. Retirement Consulting
5. Other Personalized Investment Services
6. Publications of Periodicals

## || Sustainable Investment Solutions™

First Affirmative's Sustainable Investment Solutions™ process reflects the desire of our clients to make money and make a difference with their money. We begin with a Confidential Client Questionnaire where information is gathered on financial goals, time horizon, risk tolerance, and societal priorities. An asset allocation strategy is developed to meet the client's needs, and an Investment Policy Statement is created to guide discretionary management of the client account. To the extent possible, we work with the advisor to custom tailor a portfolio to meet the unique needs of each individual or institutional client.

Discretionary authority is limited to decisions First Affirmative considers appropriate in accordance with the client's stated investment objectives and risk tolerance. Client accounts may be invested in a portfolio of mutual funds, model folios—which may include individual stocks, mutual funds, exchange traded funds (ETFs), Exchange Traded Notes (ETNs), American Depositary Receipts (ADRS) or Real Estate Investment Trusts (REITs), solely or in combination—or separate accounts invested in equities, separate accounts

invested in fixed income securities, or a combination of these possibilities, depending on the client. The client has the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

Engagement of third-party money managers and/or separate account managers is part of our Sustainable Investment Solutions process. We monitor the performance of the selected managers. If we determine that a particular manager is not providing acceptable management services to the client, or is not managing the client's portfolio in a manner consistent with the client's IPS, we may recommend another manager to the client, or, in cases where we have discretion, we may take action without discussing the change with the client. First Affirmative believes that recommending and facilitating a manager change is required of us under our fiduciary duty to the client.

## || Model Portfolio Management

In addition to using third-party money managers, First Affirmative manages a select group of model portfolios which are used in client accounts, when appropriate. Certain model portfolios managed by First Affirmative are also offered to investors on other wrap account platforms, including FTJ FundChoice (FTJ) and Retirement Plan Consultants (RPC). Generally, First Affirmative provides portfolio management services to clients using various model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

## || SRI / ESG Integration

Money represents many things: years of hard work, college for children and grandchildren, a secure retirement, and/or financial security for an organization, its employees or beneficiaries. For many First Affirmative clients, money also represents an opportunity to influence corporate behavior and transform society for the better.

Since 1988, when First Affirmative's predecessor firm was operating the business, and when some current key personnel and IARS joined the firm, we have been a leader in providing investment services to socially conscious investors, business owners, trusts, and nonprofit organizations. In concert with First Affirmative, many network advisors are qualified to provide financial planning and investment advice aimed at integrating each client's personal or organizational values and goals into the investment process.

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

**Research Sources.** Depending on the type of account and each client's specific needs, First Affirmative may use many methods to determine appropriate advice, such as fundamental and technical analysis, charting of cyclical trends, demographic analysis, and modern portfolio theory focusing on asset allocation strategies. Both financial and non-financial factors are considered in the portfolio management process. Information is gathered from many sources, including those listed below. In each case, final recommendations as to portfolio design and allocation will be based on the client's expressed values and needs.

- Personal Inspections
- SEC Filings
- SRI/ESG Research Organizations
- Annual Reports
- Company Press Releases
- Independent Research Reports
- Corporate Rating Services
- General Financial Press
- Books and Newsletters
- Prospectuses

**Social Screening.** Clients may wish to support or avoid investments for many reasons. While recommended investments will always be reviewed for suitability from a financial standpoint, clients may want to consider a potential investment's exposure, impact, or policies in many other areas. First Affirmative does its best to incorporate client priorities into portfolio design.

Affiliated network advisors specialize in meeting the needs of socially conscious investors. Network advisors receive on-going training and participate in annual conferences and regional meetings that focus on industry trends, strategies, and techniques designed to enhance their ability to serve clients and to direct investment capital in transformative ways.

**Investment Philosophy.** Fiduciary duty is at the core of First Affirmative's approach. We follow an established investment management process consistent with strict standards of fiduciary care. We are asset managers with a long-term orientation, which our clients generally share. We create strategies for investors who want to avoid making big mistakes, not for those who are willing to take big risks in hopes of achieving outsized gains.

Our experience suggests that the financial planning and investment needs of most socially conscious investors can be met while providing competitive investment returns without any material increase in risk. For most clients, we believe that a long-term, diversified approach is the most appropriate investment strategy. We support strategic asset allocation as well as more active portfolio management strategies. We do not offer recommendations concerning direct ownership of commodities, futures, short selling, or exotic derivatives, but we do offer tac-

tical investment strategies appropriate for some investors. The types of investment vehicles we use are:

- Mutual Funds
- Government Agency Securities
- Oil & Gas Partnerships
- ADRs
- Corporate Bonds
- Certificates of Deposit
- Real Estate
- Exchange Securities
- OTC Securities
- Commercial Paper
- Warrants
- Municipal Bonds
- Options on Equities
- Private Placements

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we:

1. Will send periodic reports (normally quarterly) to each Sustainable Investment Solutions client. These reports are also provided to the client's network advisor who will review these reports with clients as described in Item 13, "Review of Accounts."
2. Will be reasonably available to consult with the network advisor; and
3. Will maintain client suitability information in each client's file.

## || Financial Planning

First Affirmative, through its IARs, provides financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client to achieve his or her financial goals and objectives.

In general, the financial plan may, but is not required to, address any or all of the following areas:

**Personal.** We review family records, budgeting, personal liability, estate information and financial goals.

**Taxes and Cash Flow.** We analyze the client's income tax and spending and planning for past, current and future years; then

illustrate the impact of various investments on the client's current income tax and future tax liability. First Affirmative will direct the client to a tax professional as needed.

**Investment.** We analyze investment alternatives and their effect on the client's portfolio.

**Insurance.** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.

**Retirement.** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

**Death and Disability.** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

**Estate.** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid, and elder law. None of this assistance is or will be presented to the client as legal advice. First Affirmative will recommend that the client seek qualified legal advice.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives, and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and we prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or investment advisor. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning, and business planning.

First Affirmative will only provide advice regarding the following investment vehicles: exchange-listed securities, securities traded over-the-counter, foreign issuers, warrants, corporate debt securities (other than commercial paper), commercial paper, certificates of deposit, municipal securities, mutual fund shares, United States governmental securities, options contracts on securities, community investments, and shareholder advocacy. We do not offer recommendations concerning direct ownership of commodities, futures, short selling, or exotic derivatives.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed

to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. Unless specifically requested by the client, all recommendations are of a generic nature.

## **|| Retirement Consulting**

We may also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates, and charitable organizations. Pension Consulting Services are comprised of four distinct services. A client may choose to use any or all of these services.

**Investment Policy Statement (IPS) Preparation.** We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. We will then prepare a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

**Selection of Investment Vehicles.** We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds and managers to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

**Monitoring of Investment Performance.** We monitor client investments based on the procedures and timing intervals delineated in the IPS. Although First Affirmative is not involved in any way in the purchase or sale of these investments, we monitor the client's portfolio and will make recommendations to the client as market factors and the client needs dictate.

**Employee Communications.** For pension, profit sharing, and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.



## || Other Personalized Planning Services.

Some clients will open an account at an approved custodian and grant their IAR the ability to view the account. The IAR may also be granted the ability to place trades in the client account. This authority can only be granted on a non-discretionary basis. This means that the IAR can only place trades after being specifically requested to do so by the client.

Some IARs may offer personal financial coaching, budget assistance, tax advice, retirement planning, estate planning, or other specialized services. In all cases, compensation will be clearly disclosed in advance, a specific agreement will identify the work to be done, and payment of service fees will be made to First Affirmative Financial Network, LLC.

## || Publication of Periodicals

First Affirmative publishes a quarterly newsletter with topics that include but are not limited to environmental, social, and governance issues (ESG). Periodically First Affirmative produces other publications that focus on specific issues believed to be of interest to clients such as community investing or shareholder advocacy. First Affirmative also publishes a quarterly market commentary and a quarterly economic commentary which may provide general information on various topics including, but not limited to, market trends, bond market outlook, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual. Newsletters, market commentaries, and other such publications designed for clients are distributed free of charge to clients.

## Fees and Compensation (Item 5)

First Affirmative is compensated primarily by fees charged on assets under management in client accounts, as described below. Certain First Affirmative IARs may provide services on an hourly basis for developing a financial plan or for another specific engagement. Some clients prefer a quarterly, semi-annual, or annual retainer relationship.

## || Model Portfolio Management Fees

Sustainable Investment Solutions account fees are charged as a percentage of assets under management, annualized, according to the schedule below.

## || Fee and Expense Disclosure

The published service fee schedule for new accounts may change from time to time. However, the client's service fees, as shown below and agreed to by the client, will never be increased without the client's consent, as evidenced by the client's signature on a new or amended Investment Advisory Services Agreement.

Asset management fees compensate several organizations for various services provided to First Affirmative for the benefit of clients. First Affirmative receives up to 0.70% of the account value annually for serving as the fiduciary, providing allocation and rebalancing services and in some cases model management, marketing and training support, providing quarterly reports, and supervising the performance of the independent separate account managers, model folio managers, mutual funds and servicing representatives. Under the FTJ and RPC wrap fee program, FTJ and First Affirmative may receive up to 0.55% of the account value annually for services rendered.

|              |              | <b>Managed Mutual Fund Accounts</b><br>(at Schwab Advisor Services) | <b>Multi-Manager Accounts</b><br>(at Folio Institutional)* | <b>Fixed Income Accounts</b><br>(at Schwab Advisor Services)‡ |
|--------------|--------------|---|--|---|
| On the first | \$200,000    | 1.40%   | 1.55%  | 1.00%   |
| On the next  | \$300,000    | 1.35%   | 1.50%  | 1.00%   |
| On the next  | \$500,000    | 1.20%   | 1.35%  | 0.80%   |
| On the next  | \$1,000,000  | 1.05%   | 1.20%  | 0.80%   |
| On the next  | \$1,000,000  | 0.95%   | 1.10%  | 0.70%   |
| On the next  | \$2,000,000  | 0.85%   | 1.00%  | 0.70%   |
| On the next  | \$5,000,000  | 0.65%   | 0.80%  | 0.70%   |
| On the next  | \$10,000,000 | 0.55%   | 0.70%  | 0.70%   |
| Above        | \$20,000,000 | Negotiated  | Negotiated   | Negotiated  |

\* For accounts managed on the Folio Institutional platform, the minimum account size is \$200,000. At \$200,000, the client account may be diversified across up to five model folios. Accounts \$300,000 and larger may be diversified across seven or more model folios.

‡ Minimum Fixed Income Account Size: \$200,000

Separate account managers and model folio managers receive from 0.25% to 0.78% of the investment advisory services fee, depending on the investment strategy employed. The network advisor provides an important link between the client and First Affirmative, helping assure that the client's needs are met, their questions are answered, and their financial well-being is served. If associated with a broker-dealer firm or another Registered Investment Advisor, the network advisor's share of the fee, ranging from 0.00% to 1.10% of the account value, is paid to the broker-dealer or Registered Investment Advisor, which then pays a substantial portion of the fee to the network advisor. The network advisor's firm typically retains a small share to compensate itself for supervision and other overhead. If the network advisor is a First Affirmative IAR, First Affirmative compensates the IAR directly.

Any private equity, private debt, or direct investment will be charged a fee of no more than 1.55%.

The portion of the fee collected from the client and paid out to the network advisor or his/her firm is fully negotiable.

There are no custody or trading fees charged on mutual fund transactions when Schwab OneSource funds are used in a client portfolio. Charles Schwab & Co. serves as custodian for our managed mutual fund accounts and receives compensation directly from the mutual fund companies, which is not shared with First Affirmative. Mutual funds that may be purchased for the client portfolio have internal expenses, such as portfolio management, legal and accounting, printing, marketing, trading costs and other administrative expenses, including fees paid to custodians. Fund expenses are more fully disclosed in each mutual fund prospectus. They are accounted for and charged internally by the mutual funds and are not shared with First Affirmative or any network advisor. A client could invest in a mutual fund directly. In that case, the client would not receive the services provided by First Affirmative which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to the client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid and to thereby evaluate the advisory services being provided.

Schwab Advisor Services, Folio Institutional, TD Ameritrade Incorporated, MG Trust, or other brokerage firms with which First Affirmative may develop a business relationship in the future will provide securities custody and safekeeping, as well as execution of all transactions in client accounts. Neither First Affirmative nor the network advisor receives any compensation based on buying or selling in a client account. For accounts that employ model managers and/or separate account managers, the servicing custodians

will receive transaction fees. Please see Item 12, "Brokerage Practices" for custodial fees. These schedules may be revised from time to time, and any changes will be provided to clients affected by the change at least 30 days prior to any implemented change.

**Limited Negotiability of Advisory Fees.** First Affirmative may negotiate alternative fees on a client-by-client basis. Client facts, circumstances, and needs are considered in determining the fee schedule, including the complexity of the client circumstances, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports. The specific annual fee schedule for each client is identified in the Investment Advisory Services Agreement that the client signs.

First Affirmative's investment advisory services fees may be aggregated over the combined accounts the client opens with First Affirmative within the same management style or program for the purposes of achieving breakpoints and/or simplified fee collection.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm. First Affirmative may also discount fees for non-profit organizations.

*All fees and expenses will affect the performance of your account, which will fluctuate in value and will provide, upon redemption, either more or less than your original investment. Past performance is no guarantee of future results.*

## **|| Pension Consulting Fees**

First Affirmative and its IARs may be compensated based on an annual percentage of plan assets for services involving ongoing reviews (see Item 13, "Review of Accounts"). Compensation may also take the form of an hourly fee or fixed fee. Alternatively, these different types of fees may also be combined as appropriate for the different types of services requested by the client. For typical hourly and fixed fee rates see the Financial Planning Fees section below.

## **|| Financial Planning Fees**

Fees for financial plans developed and delivered by First Affirmative IARs are determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our financial planning fees may be calculated and charged on an hourly basis, ranging from \$90 to \$295 per hour. Although the length of time it will take to provide a financial plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

Our financial planning fees may be calculated and charged on a fixed fee basis, ranging from \$250 to \$5,000, depending on the specific arrangement agreed to up front with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan and payable to First Affirmative Financial Network, LLC.

## **|| Termination of Investment Advisory Services Agreements**

Either First Affirmative or the client may terminate the contract authorizing First Affirmative to manage client accounts at any time by sending the other party a dated, written notice of termination. Notification by e-mail is acceptable. If the agreement is terminated by the client within five days after execution, no invoice for services will be generated and any monies paid by the client will be refunded in full.

Upon notification, First Affirmative will cease management of the client account but will assist the client by trading securities for transfer purposes, as requested. We will retain access to the client account for thirty (30) days after notification in order to provide this assistance during the transfer-out process. If the client wishes that access be terminated immediately upon notification, we will notify the appropriate custodian to have our access removed immediately and a final invoice will be sent to the client directly for payment.

Upon termination, the client will remain obligated for the payment of any services performed for his/her account prior to termination. The final invoice will be prorated from the last billing date to the date that the client's written request for termination was received. We will refund, if applicable, any unearned fee or portion of a fee at termination and will have no further obligations to the client under the Service Agreement after termination. The refunded amount will be net of any expenses reasonably incurred by First Affirmative prior to termination.

The custodian of the client account may charge a termination or transfer-out fee, depending on a variety of factors, which may change from time to time. This fee is determined by the custodian and is not shared with First Affirmative.

## **|| Wrap Fee Programs**

Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by First Affirmative. Known as a "wrap fee arrangement," clients pay a single fee for advisory, brokerage, and custodial

services. Transactions in client accounts may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the program sponsor or broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. First Affirmative will disclose and review with clients any separate program fees that may be charged to clients.

## **|| Additional Fees and Expenses**

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to Item 12, "Brokerage Practices."

## **|| Grandfathering of Minimum Account Requirements**

Pre-existing advisory clients are subject to First Affirmative's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

## **|| ERISA Accounts**

First Affirmative is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, First Affirmative is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, First Affirmative may only charge fees for investment advice about products for which our firm and our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset First Affirmative's advisory fees.

## **|| Advisory Fees in General**

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.



## || Limited Prepayment of Fees

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## Performance-Based Fees (Item 6)

First Affirmative does not charge performance-based fees.

## Types of Clients (Item 7)

First Affirmative provides advisory services to the following types of clients:

- Individuals (to include high net worth individuals)
- Pension and profit sharing plan trustees
- Pension and profit sharing plan participants
- Trusts, Estates or charitable organizations
- Nonprofit organizations and other non-governmental organizations
- Corporations or other businesses not listed above
- Investment Companies

## Methods of Analysis, Investment Strategies, Risk of Loss (Item 8)

### || Methods of Analysis

First Affirmative and/or the money managers with which we place portions of client accounts may use the following methods of analysis in formulating investment advice and/or managing client assets:

**Charting.** In this type of technical analysis, charts of market and security activity are reviewed in an attempt to identify when the market is moving up or down, to predict how long the trend may last, and when that trend might reverse.

**Fundamental Analysis.** The intrinsic value of a security is analyzed by reviewing economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (suggesting it may be a good time to buy) or overpriced (suggesting it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. There is risk in the fact that the price of a security can move up or down along with the overall market, regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** Historical market movements are analyzed and that analysis is applied to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. Risk is in-

herent in the fact that a poorly-managed or financially unsound company may under perform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, the movements of a particular stock against the overall market are analyzed in an attempt to predict the price movement of the security.

**Quantitative Analysis.** Mathematical modeling is used in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** This type of analysis describes the process of evaluating difficult to quantify factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**ESG Integration.** A sustainable and responsible approach to investing includes both quantitative and qualitative analysis. All investors look for profit potential, but responsible investors also integrate an evaluation of environment, social, and governance (ESG) factors into the investment decision-making process. Management of environment, social, and governance issues and impacts can have a substantially material influence on company profitability, value, and share price.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund or funds in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory, or reputational deficiencies.

**Risks for all Forms of Analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## || Investment Strategies

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-Term Purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-Term Purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and could result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

## || Risk of Loss

Investing involves risk, including loss of principal.

## Disciplinary Information (Item 9)

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

## Other financial Industry Activities and Affiliations (Item 10)

Clients have many options in working with First Affirmative.

**Special Business Relationships.** First Affirmative has agreements with other investment advisors including some Investment Advisor Representatives (IARs) of First Affirmative Financial Network, LLC, broker-dealer firms, research companies that specialize in social, responsible, impact investing, Schwab Advisor Services, Folio Institutional, TD Ameritrade and MG Trust. Each of these agreements provides for certain benefits to First Affirmative, such as marketing support, research, computer-

ized account tracking and reporting, internet services, and other functions related to providing accurate, cost-effective services to our clients.

Since 1988, First Affirmative has worked in cooperation with Green America (formerly Co-op America), a national nonprofit organization of socially and environmentally concerned consumers, investors, and businesses. We have been an active member of US SIF (formerly Social Investment Forum), the nonprofit trade association representing the sustainable and responsible investment industry in the U.S., and members of senior management served as directors of US SIF for many years.

Through our years of work with the US SIF, we have developed close relationships with the leaders whose work has shaped the sustainable and responsible investment industry. First Affirmative produces and hosts the premier annual conference for the sustainable and responsible investment industry. We were one of the first signatories of the CERES Principles, pledging environmentally responsible business conduct, and an early signatory to the UN Principles for Responsible Investment.

**Professional Standards.** Network advisors and First Affirmative staff have a wide variety of experience, specialized knowledge and business skills. Professional designations and continuing education beyond industry requirements are strongly encouraged. In addition to providing financial planning, investment advice, and investment management services, certain network advisors have other business specializations, such as tax preparation, accounting, insurance sales, and business consulting.

First Affirmative requires each of its IARs to obtain and maintain the Accredited Investment Fiduciary designation or comparable designation specific to training in fiduciary behavior. IARs registered with First Affirmative for fewer than five (5) years are also required to have a CFP, CPA, CIMA, ChFC, EA, or PhD in a related field. Accounting and tax advising functions by advisors of First Affirmative with the CPA, ChFC, or EA designations may be performed outside the parameters of their First Affirmative registration. Network advisors may sell insurance and secondary limited partnerships only under the guidelines of their broker-dealer firms, if applicable.

**Network Member Services.** Network advisors can subscribe to a membership services package which provides access to valuable resources designed to assist advisors in serving the unique needs of their socially conscious clients.

## || Managing Potential Conflicts

There are no referral arrangements between our firm and any Registered Investment Advisory (RIA) firm wherein an individual is a member, officer or employee of our firm and is also a member,

officer or employee of another firm. This includes any other RIA disclosed as required in Section 7.A. on Schedule D of Form ADV, Part I. (Part I of our Form ADV is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) where you can search by using CRD number 109036). No First Affirmative client is obligated to use the advisory services of any other RIA, as no other RIA advisory client is obligated to use First Affirmative's advisory services.

An affiliation with another Registered Investment Advisor while being an Investment Advisory Representative (IAR) of First Affirmative Financial Network, LLC may present potential conflicts of interest. We have established written policies and procedures for insider trading that prohibit any member, officer or employee of our firm, from buying, selling or recommending the securities of companies where the decision is substantially derived, in whole or in part, by reason of access to recommendations from clients.

Use of the term "employee" refers to Investment Advisor Representatives as well as staff members. The term is not used as defined by the Internal Revenue Service.

Clients should be aware that conflicts of interest, specifically those surrounding compensation, may impair the objectivity of our firm and our members, officers, or employees when making advisory recommendations. First Affirmative endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a Registered Investment Adviser. We take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts, or identified potential conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm;

- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients; and
- We require all IARs to acquire and maintain the Accredited Investment Fiduciary (AIF), or comparable professional designation to provide initial and ongoing training in the duties of investment fiduciaries.

## Code of Ethics, Participation or Interest in Client Transactions, Personal Trading (Item 11)

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees and IARs, including compliance with applicable federal securities laws.

### || Code of Ethics

First Affirmative has adopted a Code of Ethics for the purpose of instructing and guiding its personnel in their ethical and fiduciary obligations to clients. The Code of Ethics also provides rules and requirements regarding the personal securities trading practices of First Affirmative's IARs and staff. First Affirmative, its personnel, and its Investment Advisory Representatives owe a duty of loyalty, fairness, and good faith toward all clients and are obligated to adhere not only to the specific provisions of the Code but to the general principles embodied in the Code. First Affirmative's Code of Ethics covers a range of topics that include the following: general ethical principles, reporting of personal securities trading, exceptions to reporting securities transactions, reportable securities, initial public offerings, and amendments to Form ADV and supervisory procedures.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to our Chief Compliance Officer, Kathy Lewis at [kathy@firstaffirmative.com](mailto:kathy@firstaffirmative.com), or by calling 719-636-1045.

Our Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of our employees will not interfere with making decisions in the best interest of advisory clients and implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security or securities which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

First Affirmative does not aggregate client trades and therefore has no conflict with regard to aggregating client transactions with employee trades.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client;
- All clients are fully informed that related persons may also be also registered with a broker-dealer may receive separate commission compensation when effecting transactions during the implementation process;
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority;
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices;
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm;
- We have established policies requiring the reporting of Code of Ethics violations to our senior management; and
- Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure, Item 10, Other Financial Industry Activities and Affiliations, some of the related persons of First Affirmative are separately registered as securities representatives of a broker-dealer, investment advisor representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 above for a detailed explanation of these relationships and important conflict of interest disclosures.

## || Business Continuity Plan

First Affirmative's business continuity plan is focused on responding to a significant business disruption (SBD) by safeguarding employees' lives and firm property, making a financial operational assessment, quickly recovering and resuming operations, protecting all of the firm's books and records and allowing our clients to transact business. Our Business Continuity Plan anticipates two kinds of SBDs, internal and external. An internal SBD, such as a fire in the building, affects our ability to communicate and do business. We anticipate a return to operational status from an internal SBD in no more than 24 hours. An external SBD, such as terrorist attack, a city flood or a wide-scale regional disruption, may prevent the operation of the securities markets or a number of the firms with which we do business. Our response to an external SBD relies more heavily on other organizations and systems, especially on the capabilities of our custodians. First Affirmative's plan anticipates a return to operational status, dependent upon the nature of the external SBD, within 48 hours with our first priority being our ability to communicate with our Investment Advisor Representatives, network advisors, vendors, service providers, and clients. Our plan relies heavily on telephone, e-mail and internet service providers with whom we currently do business. If a client were, for any reason, unable to reach us, their procedure for contact should begin with their advisor and then the custodian of their assets. Schwab Advisor Services Alliance Team: 800-515-2157. Folio Institutional: 877-877-2023.

## || Potential Conflicts of Interest

**Network Advisors.** Clients should be aware that there is the possibility of conflicts of interest between them and their network advisor. Such conflicts are potentially present whenever commission-based compensation is involved. First Affirmative offers fee-based compensation which tends to reduce or change the possibility of conflicts of interest, but cannot eliminate them entirely. While it is First Affirmative's intent to always offer advice that is in the best interest of the client, it is the client's responsibility to evaluate that advice and determine if it is appropriate before taking action. No client is obligated to accept any recommendation, and all clients are free to implement any recommendation with the broker, planner, or advisor of their choice.

**Owners of the Company.** Statistics should read, Employees own 58.539% of the company. Twelve individual advisors own 5.9% of the company with no one advisor owning more than 1.138%. Six organizations that offer investment products that First Affirmative may recommend own 19.721% of the company, with no one organization owning over 4.593%. The other 15.84% is owned by persons or organizations with which

First Affirmative has other relationships. Except George Gay, CEO and Steve Schueth, President, who respectively own approximately 23.586% and 29.941% of the company, and James Lincoln, who controls entities that own approximately 5.689% of the company, no person or business owns more than 4.593% of the company.

**Conference Sponsors.** There is also a potential conflict of interest between First Affirmative and organizations that sponsor the SRI Conference (formerly SRI in the Rockies Conference), an industry conference organized and hosted by First Affirmative. Each sponsorship opportunity provides specific benefits to the organization depending upon the level (cost) of sponsorship. Some of the benefits include exhibit space, advertising space in the Conference Notebook, and, in some cases, speaking time in front of the conference attendees. Sponsoring organizations may or may not have an ownership interest in First Affirmative. Sponsoring organizations may or may not offer investment vehicles suitable for client accounts. Conference sponsorship is not a consideration in designing client portfolios. First Affirmative considers the possibility of a conflict of interest occurring because of conference sponsorship to be slight. Supervisory and due diligence processes are designed to mitigate potential conflicts.

**Service on Boards of Directors.** One full time First Affirmative Investment Advisory Representative, Katherine Stearns, serves as a director of the nonprofit Calvert Social Investment Foundation. The full board of this organization meets four times a year. Ms. Stearns also serves on the Investment Committee of the Calvert Foundation, which meets 6-12 times per year and from which she receives a stipend of \$500 per meeting. Ms. Stearns also serves on the Board Finance Committee which meets 2-4 times per year. Neither Ms. Stearns nor First Affirmative has any ownership stake in Calvert Foundation, which is a separate legal entity from Calvert, an investor member of First Affirmative Financial Network, LLC. Calvert Foundation makes loans to CDFIs and other types of non-profits. When recommending Calvert Foundation Notes to potential or existing clients, Ms. Stearns and First Affirmative disclose her service on the Board.

Massachusetts residents may obtain information on disciplinary history and registration of First Affirmative and its associated persons by contacting the Public Reference Branch of the US Securities and Exchange Commission at 202-942-8090 or by writing to Massachusetts Securities Division, One Ashburton Place, 17th Floor, Boston, Massachusetts 02108.

## Brokerage Practices (Item 12)

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the



use of one of several brokers (including, but not limited to Schwab Advisor Services, Folio Institutional, TD Ameritrade Incorporated, or MG Trust), provided that such recommendation is consistent with our firm's fiduciary duty to the client. Although we require that clients establish accounts at one of these brokerage firms, it is the client's decision whether or not to custody their assets with these custodians under First Affirmative management. First Affirmative is independently owned and operated and not affiliated with Schwab Advisor Services, Folio Institutional, TD Ameritrade Incorporated, or MG Trust. First Affirmative's recommendation to custody a client's assets at one of these brokerage firms is not contingent upon our firm committing to any specific amount of business (assets in custody or trading commissions).

Our clients must evaluate these broker-dealers before opening an account. The factors we consider when making these recommendations are the broker-dealer's ability to provide professional services, our experience with the firm, the broker-dealer's reputation, their quality of execution services, and costs of such services, among other factors.

#### **|| Charles Schwab & Co.**

First Affirmative may require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts.

Schwab provides First Affirmative with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to our firm other products and services that benefit First Affirmative but may not directly benefit our clients' accounts. Many of these products and

services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts, if applicable;
3. provide research, pricing and other market data;
4. facilitate payment of our fees from clients' accounts; and
5. assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help us manage and further develop our business enterprise. These services may include:

6. compliance, legal and business consulting;
7. publications and conferences on practice management and business succession; and
8. access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to First Affirmative. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether

to require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

## || Schwab Advisor Services Pricing Schedule

*This schedule only applies to separately management accounts and accountings using mutual funds not available on the Charles Schwab OneSource Program.*

If the client account is custodied with Schwab Advisor Services, in addition to the service fees disclosed in the body of the Investment Advisory Services Agreement, the client will be charged a monthly fee based on assets in the account (ABP Fee, see below) OR fees based on transactions in the account (TBP Fees, see below). First Affirmative will recommend the fee structure most beneficial to the client based on the type of account established for the client. These fees are not shared with First Affirmative.

### Asset-Based Pricing (ABP Fee)

These are annual fees and are charged per account. They are calculated and collected by Schwab Advisor Services on a monthly basis.

|              |             |                                |
|--------------|-------------|--------------------------------|
| On the first | \$250,000   | 0.25% (.0025 of account Value) |
| On the next  | \$750,000   | 0.10% (.0010 of account Value) |
| On the next  | \$1,000,000 | 0.08% (.0008 of account Value) |
| All Above    | \$2,000,000 | 0.03% (.0003 of account Value) |

Asset-Based Pricing Fees shown above do NOT cover Schwab charges for, among other things:

- Services provided by broker-dealers other than Schwab.
- Schwab Prime Brokerage or Trade Away services.
- Custody fees for non-standard assets.
- SEC and stock exchange fees, transfer taxes, odd lot differentials, mutual fund short-term redemption fees, margin interest, electronic funds or wire transfer fees, and other similar costs and charges.

All details of the Schwab asset-based pricing fees and limitations are included in the separate "Schwab Advisor Services Asset-Based Pricing Addendum to Account Applications and Agreement" which is included in the new account documentation, and must be separately agreed to and signed by the client.

### Transaction-Based Pricing (TBP Fees)

The following fees are charged by Schwab Advisor Services per transaction in each separately managed account.

## Equity Transactions

|   |  |
|---|--|
| Telephone   | \$0.04 per share, \$20.00 minimum                          |
| Internet: Client Assets at Schwab < \$1,000,000, with e-Delivery at Schwab            | \$8.95 per Trade   |
| Internet: Client Assets at Schwab < \$1,000,000, not enrolled in e-Delivery at Schwab | \$19.95 per trade Plus \$0.15 per share above 1,000 shares |
| Internet: Client's Assets at Schwab > \$1,000,000                                     | \$8.95 flat *  |

\* If this share rate is applicable to you, please notify your Consultant so that s/he can verify that your accounts are linked properly in order to receive this discounted pricing.

## Bond Transactions

|                     |  |
|---------------------|--|
| Telephone           | \$1.20 per bond, \$10 Minimum, \$275 Maximum |
| Internet/Electronic | \$1.00 per bond, \$10 Minimum, \$250 Maximum |
| Government Bonds    | \$25.00 flat                                 |
| Municipal Bonds     | Variable                                     |

## Mutual Fund Shares

First Affirmative normally uses only funds available in the Charles Schwab OneSource Program. There are no costs associated with buying or selling fund shares within this program. However, under certain circumstances, for example the transfer into the account of non-OneSource funds which must be sold, or a redemption of fund shares within 90 days, the following charges apply:

## Non-OneSource Funds

|           |   |
|-----------|---|
| Internet  | 0.36% of trade value Minimum \$25.00 / Maximum \$49.95        |
| Telephone | On first \$15,000 principal Minimum \$25.00 / Maximum \$54.00 |

## Short-Term Redemption Fees

Any sale within 90 days of the initial purchase may be assessed a flat redemption fee of \$49.95 on each transaction. This fee may be waived for accounts managed by First Affirmative, though Continuous Deferred Sales Charges may apply. These charges vary among the mutual funds that may be held in a client account.

## || FOLIOfn Investments

First Affirmative may require that clients establish brokerage accounts with FOLIOfn Investments through its Folio Institutional subsidiary (Folio) to maintain custody of clients' assets and to effect trades for their accounts. Folio is a FINRA registered broker-dealer, member SIPC. For certain types of accounts, Folio is the only

broker–dealer providing the services necessary for First Affirmative to manage client accounts appropriately.

Folio provides First Affirmative with access to its institutional trading and custody services. The brokerage services offered by Folio include the execution of securities transactions, custody and research.

For First Affirmative client accounts maintained in its custody, Folio does not charge separately for custody services but is compensated by account holders through commissions and other transaction–related or asset–based fees for securities trades that are executed through them or that settle into accounts custodied by them.

Folio’s products and services that assist us in managing and administering our clients’ accounts include web access and other technology that

- Provide access to client account data (such as trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts, if applicable;
- Facilitate payment of our fees from clients’ accounts; and
- Assist with back–office functions, record keeping and client reporting.

Folio may make available, arrange and/or pay third–party vendors for the types of services rendered to First Affirmative. Folio may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third–party providing these services to our firm. Folio may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Folio, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Folio, which may create a potential conflict of interest.

**|| Folio Institutional Pricing Schedule**

*This schedule only applies to accounts custodied on the Folio Institutional platform*

If the Client account is custodied with Folio Institutional, in addition to the service fees disclosed in the body of the Investment Advisory Services Agreement, the client will be charged a quarterly fee based on assets in the account (ABP Fee, see below) PLUS fees based on certain transactions in the account (TBP Fees, see below), if any.

**Asset-Based Pricing (ABP Fee):**

These are annual fees and are charged per account, calculated and collected by Folio Institutional on a quarterly basis.

|              |             |       |                          |
|--------------|-------------|-------|--------------------------|
| On the first | \$200,000   | 0.25% | (.0025 of account Value) |
| On the next  | \$300,000   | 0.17% | (.0017 of account Value) |
| On the next  | \$4,500,000 | 0.12% | (.0017 of account Value) |
| On the next  | \$7,820,000 | 0.00% | ———                      |
| All Above    | \$12,820,00 | 0.05% | (.0005 of account Value) |

*Folio charges a minimum annual fee of \$150.*

*Asset–Based Pricing Fees shown above do NOT cover Folio Institutional charges for, among other things:*

- *Services provided by broker–dealers other than Folio Institutional.*
- Prime Brokerage or Trade Away services.
- Custody fees for non–standard assets.
- SEC and stock exchange fees, transfer taxes, odd lot differentials, mutual fund short–term redemption fees, margin interest, electronic funds or wire transfer fees, and other similar costs and charges.

A complete list of Folio service fees is available on the Folio Institutional website. All details of the Folio asset–based pricing fees and limitations are included in the separate Folio Institutional Asset–Based Pricing Addendum to Account Applications and Agreement which is available on the Folio website.

**Transaction-Based Pricing (TBP Fees):**

Under certain circumstances, some trades are charged on a per transaction basis. These are trades that fall outside of the Folio Institutional trading process. These are fees charged by Foliofn Institutional per transaction in your account.

**Equity Transactions**

|           |                   |
|-----------|-------------------|
| Telephone | \$45.00 per trade |
| Internet  | \$3.95 per trade  |

**Bond Transactions**

Folio Institutional does not currently have individual bond trading capability.

Foliofn Institutional will charge the account transaction fees based on the above schedule if securities are transferred into the account and need to be sold to implement the client’s new investment strategy.

## || FTJ FundChoice

First Affirmative sponsors a wrap-fee program wherein accounts are held in custody by TD Ameritrade. Wrap-fee programs are designed with a specific custodian and the fees charged are all inclusive. There is no custody or trading fee charged on accounts using the FTJ platform. The custodian of managed mutual fund accounts receives compensation directly from the mutual fund companies. The client should be aware that mutual funds that may be purchased for the client portfolio have internal expenses, such as portfolio management, legal and accounting, printing, marketing, trading costs and other administrative expenses, including fees paid to custodians. Fund expenses are more fully disclosed in each mutual fund prospectus. They are accounted for and charged internally by the mutual funds and are not shared with First Affirmative or your consultant. Neither First Affirmative nor the consultant receives any compensation based on buying or selling in the client account.

## || Retirement Plan Consultants

First Affirmative sponsors a wrap-fee program wherein accounts are held in custody by MG Trust. Wrap-fee programs are designed with a specific custodian and the fees charged are all inclusive. There is an annual fee of \$950 charged on accounts using the Retirement Plan Consultants platform. RPC also charges a Record-keeping fee of up to 0.55% annually. The client should be aware that mutual funds that may be purchased for the client portfolio have internal expenses, such as portfolio management, legal and accounting, printing, marketing, trading costs and other administrative expenses, including fees paid to custodians. Fund expenses are more fully disclosed in each mutual fund prospectus. They are accounted for and charged internally by the mutual funds and are not shared with First Affirmative or your consultant. Neither First Affirmative nor the consultant receives any compensation based on buying or selling in the client account.

## Review of Accounts (Item 13)

First Affirmative's client accounts are reviewed and supervised in a variety of ways:

**Clients.** For months in which activity occurs in the client account, the client will receive monthly statements detailing deposits, withdrawals, purchases, sales, dividends, interest, fees deducted from the account and any other activity, from the custodian of the account. The client will receive separate confirmations of every trade made in the account, which should be saved for tax purposes. First Affirmative or its service providers will provide quarterly performance reports to all clients. Under certain service types these reports may be part of an annual fee which is not included in the assets under management fees.

Most clients have continuous access to their accounts via the internet. First Affirmative provides quarterly reports either by mail or by electronic delivery for accounts managed under a Sustainable Investment Solutions agreement. This report may also include a performance comparison utilizing historical data and may propose an optimal portfolio designed with the objective of providing the highest return relative to the amount of risk assumed. First Affirmative can also provide reports on the social and ethical issues associated with a portfolio of specific common stocks.

**Network Advisors.** Each network advisor has the ability to view all positions and activities in his/her client account(s) via the internet, and each network advisor receives copies of all reports provided to their client(s). Account information is always available directly from First Affirmative through the network advisor. Network advisors are expected to review activity in client accounts, to periodically discuss the account with the client, and to ensure the suitability of the investment services provided based on each client's specific situation.

**Supervising Broker-Dealer or Registered Investment Advisor Firms.** Each broker-dealer and/or Registered Investment Advisor firm with which First Affirmative maintains a selling or solicitor's agreement is responsible for developing its own, independent procedures to review client accounts and supervise the activities of its representatives.

**Sub-Advisors.** Third-party managers who are responsible for managing portions of First Affirmative client accounts are also responsible for ongoing review, supervision, and transactions in the client accounts they manage. First Affirmative employees perform these duties for all accounts managed directly by First Affirmative.

**Company Management.** First Affirmative's Senior Management, including members of the Investment Committee, provides both periodic reviews and various systematic samplings of accounts to provide supervision and compliance with investment policy.

## Client Referrals and Other Compensation (Item 14)

### || Client Referrals

First Affirmative may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document, our Sustainable Investment Solutions Brochure, and a separate disclosure statement that includes the following information:

- The Solicitor's name and relationship with our firm;
- The fact that the Solicitor is being paid a referral fee;

- The amount of the fee; and
- As a matter of firm policy, a client working with a Solicitor will not be charged more than any other client.

## **|| Other Compensation**

It is First Affirmative's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Custody (Item 15)**

We previously disclosed in Item 5, "Fees and Compensation," that First Affirmative directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

First Affirmative calculates the amount of the fee to be deducted. A Statement of Management Fees is mailed to each client on a quarterly basis. It is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. Clients must also verify that the correct fee has been collected by comparing the Statement of Management Fees to the custodial statement.

In addition to the periodic statements that clients receive directly from their custodians, we send account reports directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these reports to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

## **Investment Discretion (Item 16)**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell
- Determine when to add or replace a model folio manager

Clients give us discretionary authority when they sign an Investment Advisory Services Agreement. Our ability to manage client accounts as a Sustainable Investment Solution is dependent upon having the above discretionary authority granted to us by the client. The client can place restrictions on certain securities but cannot limit our ability to act upon the instructions given us in the IPS.

## **Voting Client Securities (Item 17)**

### **|| Proxy Voting**

Owners of company stock and mutual fund shares have a right to be heard on matters put before shareholders for a vote. Shareholder voting is the primary means by which shareholders can influence a company or mutual fund's operations, its corporate governance, and other activities that may fall outside of financial considerations.

First Affirmative has an arrangement with an independent governance analysis and proxy voting firm to provide research to First Affirmative and to vote proxies based on First Affirmative's Proxy Voting Guidelines, for First Affirmative Clients, if the Client has assigned that duty to First Affirmative on their account application. The independent third-party firm will vote all holdings in which First Affirmative Clients have a material interest, defined as more than 150 shares held collectively by all clients of record at Folio Institutional, and all shares held at Charles Schwab & Co., Inc.

Voting of Client proxies is based upon general financial and social responsibility concerns, as reflected in First Affirmative's Proxy Voting Guidelines which are updated at least annually and are available for review on the First Affirmative website. The independent third-party proxy voting service discloses to First Affirmative, at least annually, potential conflicts of interest between their research/proxy voting services and their corporate governance consulting services and their procedures for limiting such conflicts.

Clients should be aware that they are under no obligation to assign proxy voting duties to First Affirmative. Clients may choose from proxy voting options that are offered by their custodian—Charles Schwab & Co., Inc., Folio Institutional, or other Custodians that may be added to First Affirmative's approved list. For accounts held at Folio Institutional, a Client has the right at any time, even if proxy voting has been delegated to First Affirmative, to vote any individual proxy themselves and override any vote that may be cast. This is not possible at Charles Schwab & Co., Inc. At Schwab, the Client must withdraw the authorization for First Affirmative to vote proxies in order to avoid voting in accordance with the First Affirmative guidelines.



Clients may obtain a copy of our complete proxy voting guidelines by sending an e-mail to [proxyvoting@firstaffirmative.com](mailto:proxyvoting@firstaffirmative.com), or by sending a request in writing to the address listed on the cover page of this document. Clients may request information on how proxies for his/her shares were voted and First Affirmative will promptly provide such information to the client.

With respect to ERISA accounts, we will vote proxies if granted that authority unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should send an e-mail to [proxyvoting@firstaffirmative.com](mailto:proxyvoting@firstaffirmative.com).

We vote proxies for some, but not all of our clients. Clients may, at their election, choose to receive proxies related to their own accounts, in which case we may consult with clients as requested.

We vote proxies for the following types of accounts:

- Accounts held in custody by Folio Institutional that are >150 shares held collectively by all clients of record;
- Accounts held in custody by Schwab Advisor Services under Sustainable Investment Solutions.

We do not vote proxies for the following types of accounts:

- Accounts held in custody by Schwab Advisor Services that have not granted us authority to vote proxies;
- ERISA accounts that specifically require the plan sponsor to vote the proxies;
- Accounts in our wrap-fee programs; and
- Accounts in which there are less than 150 shares held collectively by all clients of record at Folio Institutional.

First Affirmative and its IARs may provide clients for whom we do not vote proxies with consulting assistance regarding proxy issues if they contact us with questions.

Clients can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing.

Clients can also instruct us on how to cast your vote in a particular proxy contest by sending an e-mail to [proxyvoting@firstaffirmative.com](mailto:proxyvoting@firstaffirmative.com).

## **|| Class Action Lawsuits**

If a class action event occurs affecting a security owned in a client account managed by First Affirmative the company has the option to pursue recovery on the client's behalf at its discretion. If First Affirmative decides to involve itself in a class action lawsuit of this type, it will assist the client(s) in recovery of losses, to the extent possible.

## **Financial Information (Item 18)**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement in this disclosure document.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. First Affirmative has no additional financial circumstances to report.

First Affirmative has never been the subject of a bankruptcy petition.

First Affirmative Financial Network, LLC's financial statements are audited each calendar year by a qualified, independent CPA firm.

# Form ADV Part 2: Supplement



## George Richard Gay

5475 Mark Dabling Boulevard, Suite 108  
Colorado Springs, Colorado 80918  
719.636.1045 x111

First Affirmative Financial Network, LLC is an independent Registered Investment Advisor (SEC File # 801-56587)

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877.540.4933 | 303.442.8400 | Fax 720.221.0470 | [www.firstaffirmative.com](http://www.firstaffirmative.com)

## Introduction and Overview (Item 1)

This Brochure Supplement provides information about George Richard Gay that supplements the First Affirmative ADV Brochure. You should have received a copy of that Brochure.

Please contact Kathleen J. Lewis, [kathy@firstaffirmative.com](mailto:kathy@firstaffirmative.com), if you did not receive First Affirmative's ADV Brochure or if you have any questions about the contents of this Supplement.

Additional information about Mr. Gay is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Educational, Background, and Business Experience (Item 2)

George R. Gay, CFP, AIF is a managing member and Chief Executive Officer of First Affirmative Financial Network, LLC, is a member of the First Affirmative Investment Committee, and is one of the firm's two principal shareholders. Mr. Gay served on the board of directors of the Social Investment Forum, now US SIF: The Forum for Sustainable and Responsible Investing, for more than a dozen years, and has annually produced and hosted The SRI Conference since 1990. He was the recipient of the industry's "SRI Service Award" in 1997.

Mr. Gay completed a range of securities examinations covering the practice and supervision of securities business. He has held Series 24 (Registered Principal), 7 (Registered Representative), 65 (Uniform Investment Advisor), 53 (Municipal Bond Principal) and 63 (Uniform Securities Agent) licenses.

Mr. Gay joined the company that was to become First Affirmative Financial Network as a financial planner in November 1986. He assumed the position of Chief Operating Officer of First Affirmative in 1989 and managed the sale of the company to Walnut Street Securities, Inc., in 1995. Mr. Gay served as President of the First Affirmative division of Walnut Street Advisers and as Vice President of Walnut Street Advisers (May 1995 – June 1999). He became CEO of the newly independent First Affirmative Financial Network, LLC on July 1, 1999.

Born September 13, 1952 in Monroe, Michigan, Mr. Gay graduated from Oscar A. Carlson High School in 1970. Mr. Gay is a 1974 graduate of the United States Military Academy at West Point; he served on active duty for nine years in various command, staff and faculty assignments as an Armor officer. His final assignment on active duty, and then for three years as a civilian, was in the Resource Management Division, Directorate of Personnel and Community Activities at Fort Carson, Colorado. As division chief, Mr. Gay was responsible for the financial management of most business operations on the installation, ranging from the Golf Course and Bowling Center, to the Club Systems and Child Care operations. Upon his departure, he was awarded the Department of the Army "Commander's Award for Civilian Service."

Mr. Gay earned his CFP (Certified Financial Planner) designation in June 1984 and his AIF (Accredited Investment Fiduciary) designation in 2003 and is in good standing with both granting authorities.

## Designation

### Certified Financial Planner: 1984

The qualifications for attaining the Certified Financial Planner designation include a bachelor's degree (or higher), or its equivalent in any discipline, from an accredited college or university.

Equivalents are defined as: Chartered Financial Consultant (ChFC); Chartered Life Underwriter (CLU); Chartered Financial Analyst (CFA (r)); PhD in business or economics; Doctor of Business Administration; Licensed attorney – inactive license acceptable or Licensed Certified Public Accountant (CPA) – inactive license acceptable.

In addition to the degree requirement above, each designee must take an exam that covers topics such as:

- General Principles of Financial Planning
- Insurance Planning & Risk Management
- Employee Benefits Planning
- Investment Planning
- Income Tax Planning
- Retirement Planning
- Estate Planning

The exam which encompasses all of the topics above tests the designee's ability to apply financial planning knowledge in an integrated approach to deal with real-life financial planning situations.

### Accredited Investment Fiduciary: 2003

The professional designations awarded by fi360 demonstrate the focus on all the components of a comprehensive investment process, related fiduciary standards of care, and commitment to excellence. AIF and AIFA designees undergo an initial training program, annual continuing education, and pledge to abide by the designation's code of ethics.

Since October 2002, the Accredited Investment Fiduciary® (AIF®) designation has been the mark of commitment to a standard of investment fiduciary excellence. Those who earn the AIF mark successfully complete a specialized program on investment fiduciary standards of care and subsequently passed a comprehensive examination. AIF designees demonstrate a thorough understanding of fi360's Prudent Practices for investment advisors and stewards.

Upon successful completion of the program, participants are able to:

- Articulate the basis for, and benefits of, fiduciary standards of excellence;
- Identify when an individual or organization may be deemed to have fiduciary status;
- Identify the legal standards that require fiduciaries to prudently manage investment decisions;
- Apply the Practices that define a prudent investment process for Investment Stewards and Advisors and recognize the Practices for Investment Managers;
- Strengthen own or clients' fiduciary policies and procedures; and
- Become an Accredited Investment Fiduciary.

### Disciplinary Information (Item 3)

Mr. Gay has no disciplinary history.

### Other Business Activities (Item 4)

#### A. Investment-Related Activities

1. Mr. Gay is not engaged in any other investment-related activities.
2. Mr. Gay does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

#### B. Non Investment-Related Activities

1. Mr. Gay is paid a salary as the Chief Executive Officer of First Affirmative and does not receive any material economic benefit from client accounts he manages.

### Additional Compensation (Item 5)

Mr. Gay does not receive any economic benefit from a non-advisory client for the provision of advisory services.

### Supervision (Item 6)

**Supervisor:** Kathleen J. Lewis

**Title:** Chief Compliance Officer

**Phone Number:** 719-636-1045

First Affirmative Financial Network has a comprehensive supervisory program as well as a required Code of Ethics that every investment advisor representative must sign and agree to abide by in any and all of their activities related to their work with clients.

# Form ADV Part 2: Supplement



## Steven J. Schueth

2305 Walnut Street, Suite 201  
Boulder, Colorado 80302  
303.442.8400 x101

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## Introduction and Overview (Item 1)

This Brochure Supplement provides information about Steven Jerome Schueth that supplements the First Affirmative ADV Brochure. You should have received a copy of that Brochure.

Please contact Kathleen J. Lewis, [kathy@firstaffirmative.com](mailto:kathy@firstaffirmative.com), if you did not receive First Affirmative's ADV Brochure or if you have any questions about the contents of this Supplement.

## Educational, Background, and Business Experience (Item 2)

Steven J. Schueth is a Managing Member, President, and Chief Marketing Officer of First Affirmative Financial Network, LLC. He is also one of the firm's two principal shareholders. He served as a Director of the Social Investment Forum, now US SIF: The Forum for Sustainable and Responsible Investing, from 1992 to 2003, and served as Chair and President of the organization from 1993 to 2002. He currently serves as a director of the Denver-based nonprofit Alliance for a Sustainable Colorado and as a director of the Americans for Nonsmokers Rights Foundation. He received the social investment industry's "SRI Service Award" in 1998, and has annually produced and hosted The SRI Conference since 1999.

Mr. Schueth worked from 1989 to 1997 for Calvert where he specialized in promoting the concept and practice of socially responsible investing with the public and press. His efforts significantly enhanced Calvert's reputation as a leader in the field, while the firm's socially screened mutual fund assets more than tripled. He led a product development group that created the first global socially screened mutual fund in the U.S. and was directly involved in launching four other new Calvert funds designed for socially conscious investors. Mr. Schueth managed Calvert's national sales organization from 1994 to 1997 as President of Calvert Distributors, Inc. He oversaw the company's relationships with over 2,000 broker-dealer firms and grew the assets of Calvert's 35 money market, bond, and equity mutual funds. Mr. Schueth achieved these accomplishments with a team-oriented management style and a path-breaking initiative that reoriented sales into customer-focused teams working with a values-based selling process.

Born August 27, 1954 and raised in New Hampton, Iowa, his father owned a hardware store where Mr. Schueth worked, meeting the needs of retail customers from the age of ten. He graduated from New Hampton Community High School in 1972 and from Marquette University in 1976 with a BA degree in Journalism/Communications.

He has held NASD Series 24 (Registered Principal), 7 (Registered Representative) and 63 (Uniform Securities Agent) licenses. Prior to his association with Calvert, he served for three years as a major gifts officer and Director of Development at the Wharton School, University of Pennsylvania.

## Disciplinary Information (Item 3)

Mr. Schueth has no disciplinary history.

## Other Business Activities (Item 4)

### A. Investment-Related Activities

1. Mr. Schueth is not engaged in any other investment-related activities.
2. Mr. Schueth does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

### B. Non Investment-Related Activities

1. Mr. Schueth is not engaged in any other business or occupation.

## Additional Compensation (Item 5)

Mr. Schueth is paid a salary as the President of First Affirmative and does not receive any material economic benefit from other sources.

## Supervision (Item 6)

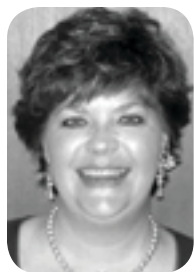
**Supervisor:** Kathleen J. Lewis

**Title:** Chief Compliance Officer

**Phone Number:** 719-636-1045 x119

First Affirmative Financial Network has a comprehensive supervisory program as well as a required Code of Ethics that every investment advisory representative must sign and agree to abide by in any and all of their activities related to their work with clients.

# Form ADV Part 2: Supplement



## Kathleen Joy Lewis

5475 Mark Dabling Boulevard, Suite 108  
Colorado Springs, Colorado 80918  
719.636.1045 x119

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## Introduction and Overview (Item 1)

This Brochure Supplement provides information about Kathleen Joy Lewis that supplements the First Affirmative ADV Brochure. You should have received a copy of that Brochure.

Please contact George R. Gay, [georgegay@firstaffirmative.com](mailto:georgegay@firstaffirmative.com), if you did not receive First Affirmative's ADV Brochure or if you have any questions about the contents of this Supplement.

## Educational, Background, and Business Experience (Item 2)

Kathleen J. Lewis is a Managing Member and Chief Compliance Officer of First Affirmative Financial Network, LLC. She has held Series 7 (Registered Representative) and 24 (Registered Principal) licenses.

Ms. Lewis joined First Affirmative Financial Network in 1990 as an administrative assistant. Combining administrative skills and knowledge of the business, she quickly assumed a much larger role and broader responsibilities, first as Operations Manager and then Assistant Branch Manager of the Walnut Street Securities, Inc. branch office. These duties included the conversion of client accounts to the First Affirmative division of Walnut Street Advisors, Inc. following the sale of First Affirmative. As Assistant Branch Manager, Ms. Lewis assumed a majority of the compliance supervision responsibilities for the First Affirmative field force while the company operated as a wholly owned subsidiary of Walnut Street (1995-1999).

Born June 24, 1963 in Grand Rapids, Michigan, her father is a retired United Methodist Minister and her mother is a retired psychologist. She graduated from William J. Palmer High School in 1981 and from the University of Colorado at Colorado Springs in 1986 with a Bachelor of Arts degree in English, specializing in Medieval Literature. Ms. Lewis was named Chief Compliance Officer in March 2004.

## Disciplinary Information (Item 3)

Ms. Lewis has no disciplinary history.

## Other Business Activities (Item 4)

### A. Investment-Related Activities

1. Ms. Lewis is not engaged in any other investment-related activities.
2. Ms. Lewis does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

### B. Non Investment-Related Activities

1. Ms. Lewis is not engaged in any other business or occupation.

## Additional Compensation (Item 5)

Ms. is paid a salary as the Chief Investment Officer of First Affirmative and does not receive any material economic benefit from other sources.

## Supervision (Item 6)

**Supervisor:** George R. Gay

**Title:** Chief Executive Officer

**Phone Number:** 719-636-1045

First Affirmative Financial Network has a comprehensive supervisory program as well as a required Code of Ethics that every investment advisor representative must sign and agree to abide by in any and all of their activities related to their work with clients.



# Form ADV Part 2: Supplement



## Richard Kevin O'Keefe

5997 E. Jamison Lane  
Centennial, Colorado 80112  
303.789.0632

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## Introduction and Overview (Item 1)

This Brochure Supplement provides information about Richard Kevin O'Keefe that supplements the First Affirmative ADV Brochure. You should have received a copy of that Brochure.

Please contact Kathleen J. Lewis, [kathy@firstaffirmative.com](mailto:kathy@firstaffirmative.com), if you did not receive First Affirmative's ADV Brochure or if you have any questions about the contents of this Supplement.

Additional information about Mr. O'Keefe is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Educational, Background, and Business Experience (Item 2)

R. Kevin O'Keefe, CFP, CIMA, AIF is a Managing Member, Chief Investment Officer, and chair of the First Affirmative Investment Committee. He is responsible for due diligence for all mutual funds and third-party managers used by First Affirmative. He has held Series 7 (Registered Representative), 63 (Uniform Securities Agent) and 65 (Uniform Investment Advisor) licenses and is a member of the Investment Management Consultants Association.

Mr. O'Keefe has been an investment advisory representative with First Affirmative since 1991. From 1996 to 1999 he was with Reber/Russell Company (concurrent with his First Affirmative responsibilities), a firm affiliated with Frank Russell Investment Management Company and highly regarded for its expertise in asset allocation, rigorous manager evaluation, and providing consulting services to some of the world's largest pools of investment capital. Mr. O'Keefe was responsible for serving several dozen clients whose aggregate assets exceeded \$100 million.

Upon leaving Reber/Russell Company in early 1999, he expanded his role at First Affirmative. In collaboration with George Gay, he developed an approach to managing strategically allocated broadly diversified portfolios of mutual funds for socially conscious investors based on the investment management principles used by Russell.

Mr. O'Keefe was born May 7, 1952 in Chicago, Illinois. He graduated from Quigley North High School in 1970, Chicago's Loyola University in 1974 with a degree in psychology and went on to complete his master's degree in counseling psychology at Loyola in 1976. He worked for EF Hutton, specializing in retirement planning, throughout the 1980s. He earned his CIMA (Certified Investment Management Analyst) designation in 2001 and his AIF (Accredited Investment Fiduciary) designation in 2003 and is in good standing with both granting authorities.

## Designation

### Certified Investment Manager Analyst: 2001

The CIMA certification program is the only credential designed specifically for financial professionals who want to attain a level of competency as an advanced investment consultant. The CIMA professional integrates a complex body of investment knowledge to provide objective investment advice and guidance to individuals and institutions. That knowledge is applied systematically and ethically to assist clients in making prudent investment decisions. The CIMA certification program requires that candidates meet all eligibility requirements, including experience, education, examination, and ethics. There are five steps you must complete to earn the certification:

- Submit CIMA Certification Program Application, fee, and undergo background check
- Pass the online Qualification Examination
- Schedule into and complete education program with Registered Education Provider
- Submit Certification Examination Application and fee and pass the online Certification Examination
- Sign licensing agreement, submit initial certification fee, and agree to adhere to IMCA's Code of Professional Responsibility, Standards of Practice, and Rules and Guidelines for Use of the Marks.

Applicants must complete and submit the CIMA Certification Program Application and application fee. The application requests contact information, work experience including the details of three years of financial services experience, and disclosure of any complaints and regulatory actions.

### Accredited Investment Fiduciary: 2003

The professional designations awarded by fi360 demonstrate the focus on all the components of a comprehensive investment process, related fiduciary standards of care, and commitment to excellence. AIF and AIFA designees undergo an initial training program, annual continuing education, and pledge to abide by the designation's code of ethics

Since October 2002, the Accredited Investment Fiduciary® (AIF®) designation has been the mark of commitment to a standard of investment fiduciary excellence. Those who earn the AIF mark successfully complete a specialized program on investment fiduciary standards of care and subsequently passed a comprehensive examination. AIF designees demonstrate a thorough understanding of fi360's Prudent Practices for investment advisors and stewards.

- Upon successful completion of the program, participants are able to:
- Articulate the basis for, and benefits of, fiduciary standards of excellence;
- Identify when an individual or organization may be deemed to have fiduciary status;
- Identify the legal standards that require fiduciaries to prudently manage investment decisions;
- Apply the Practices that define a prudent investment process for Investment Stewards and Advisors and recognize the Practices for Investment Managers;
- Strengthen own or clients' fiduciary policies and procedures; and
- Become an Accredited Investment Fiduciary.

### Disciplinary Information (Item 3)

Mr. O'Keefe has no disciplinary history.

### Other Business Activities (Item 4)

#### A. Investment-Related Activities

1. Mr. O'Keefe is not engaged in any other investment-related activities.
2. Mr. O'Keefe does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

#### B. Non Investment-Related Activities

1. Mr. O'Keefe is not engaged in any other business or occupation.

### Additional Compensation (Item 5)

Mr. O'Keefe is paid a salary as the Chief Investment Officer of First Affirmative and receives compensation for client accounts he manages. He does not receive any material economic benefit from other sources.

### Supervision (Item 6)

**Supervisor:** Kathleen J. Lewis

**Title:** Chief Compliance Officer

**Phone Number:** 719-636-1045 x119

First Affirmative Financial Network has a comprehensive supervisory program as well as a required Code of Ethics that every investment advisory representative must sign and agree to abide by in any and all of their activities related to their work with clients.

# Form ADV Part 2: Supplement



## Melvin Eugene Miller, CFA

2966 Waubesa Avenue  
Madison, Wisconsin 53711  
563.590.7105

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## Introduction and Overview (Item 1)

This Brochure Supplement provides information about Melvin Eugene Miller that supplements the First Affirmative ADV Brochure. You should have received a copy of that Brochure.

Please contact Kathleen J. Lewis, [kathy@firstaffirmative.com](mailto:kathy@firstaffirmative.com), if you did not receive First Affirmative's ADV Brochure or if you have any questions about the contents of this Supplement.

## Educational, Background, and Business Experience (Item 2)

Melvin Eugene Miller, CFA is the Chief Economist and a member of the First Affirmative Financial Network, LLC Investment Committee. Mr. Miller is responsible for monitoring world economies and communicating to both advisors and the general public by way of speeches and internet posts.

Prior to joining First Affirmative in August 2012 Mr. Miller was an Executive Vice-President and Chief Investment Officer Of Heartland Financial, USA, Inc. He began his career at Heartland in 1984 as the Chief Investment Officer for Dubuque Bank & Trust, a Heartland Financial USA subsidiary. In 2004, Mr. Miller assumed the role of Chief Investment Officer for the parent company where he was responsible for the investment portfolios of the holding company and all nine member banks. His role for many years at Heartland included economic forecasting, and he was responsible for asset/liability management which included risk modeling and derivative strategy.

Prior to joining Heartland, Mr. Miller was a professor and chair of the department of Accounting and Business at Loras College in Dubuque, Iowa where he taught full-time for twelve years. He also served as adjunct professor in the MBA programs at both the University of Dubuque and Clarke University.

Mr. Miller has had an attorney consulting practice since 1974 where he has served as an expert witness in over 200 cases.

Mr. Miller was born June 10, 1949 in Wolf Lake, Indiana. He graduated from R. Nelson Snider High School in 1967, Indiana University in 1971 with a degree in Business, and went on to earn his MBA from Ball State University in 1973.

Mr. Miller earned his CFA (Chartered Financial Analyst) credentials in 1988. He was certified as a FINRA arbitrator in 2009.

## Designation

### Chartered Financial Analyst: 1988

The CFA charter is a qualification for finance and investment professionals, particularly in the fields of investment management and financial analysis of stocks, bonds, and their derivative assets. The program focuses on portfolio management and financial analysis, and provides a general knowledge of other areas of finance and economics.

To become a charter holder a candidate must satisfy the following requirements:

- Have four years (48 months) of qualified work experience (or a combination of education and work experience acceptable by the CFA Institute). Individual level exams may be written prior to satisfying this requirement.
- Complete the CFA Program (mastery of the current CFA curriculum and passing three six-hour examinations).
- Become a member of the CFA Institute and apply for membership to a local CFA member society.
- Adhere to the *CFA Institute Code of Ethics and Standards of Professional Conduct*

The three exams cover the following areas:

- Ethics
- Quantitative Methods
- Economics
- Corporate Finance
- Financial Reporting and Analysis
- Security Analysis
- Portfolio Management

## **FINRA Arbitrator: 2009**

After FINRA approves an arbitrator candidate's application, the individual must complete the comprehensive Basic Arbitrator Training Program to become eligible to serve on arbitration cases. The Basic Arbitrator Training Program covers each stage of the arbitration process and reviews the procedures that arbitrators must follow to successfully complete an arbitration case. The Program consists of three parts:

1. Basic Arbitrator Training (Part I)
2. Expungement Training (Part II)
3. Live Video (conducted via WebEx and Teleconference) or Onsite Classroom Training Session (Part III)

Arbitrator candidates who are approved to join the roster, and who successfully pass the Basic Arbitrator Training Program, become eligible to serve on a case.

## **Disciplinary Information (Item 3)**

Mr. Miller has no disciplinary history.

## **Other Business Activities (Item 4)**

### **A. Investment-Related Activities**

1. Mr. Miller does not receive commissions, bonuses, or other compensation on the sale of securities or other investment products.
2. Mr. Miller continues to act as a FINRA arbitrator.

### **B. Non Investment-Related Activities**

1. Mr. Miller continues to offer his expertise to the legal profession as an expert witness.

## **Additional Compensation (Item 5)**

Mr. Miller is paid a salary as the Chief Economist for First Affirmative and does not receive any material economic benefit from other sources.

## **Supervision (Item 6)**

**Supervisor:** Kathleen J. Lewis

**Title:** Chief Compliance Officer

**Phone Number:** 719-636-1045

First Affirmative Financial Network has a comprehensive supervisory program as well as a required Code of Ethics that every investment advisor representative must sign and agree to abide by in any and all of their activities related to their work with clients.

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