

Firm Brochure
(Part 2A of Form ADV)

FINANCIAL HORIZONS, INC.
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This brochure provides information about the qualifications and business practices of Financial Horizons, Inc. If you have any questions about the contents of this brochure, please contact us at: 818 505-9313. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Financial Horizons, Inc. is available on the SEC's website at www.adviserinfo.sec.gov

March 27, 2015

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 818 505-9313.

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Advisory Business

Firm Description

Financial Horizons, Inc. was founded in 1971.

Financial Horizons, Inc. provides investment management to individuals, trusts and pension and profit sharing plans. Advice is provided through consultation with the client and may include: determination of financial objectives, investment management and retirement planning.

Financial Horizons, Inc. is strictly a fee-only investment management firm. The firm does not receive commissions for purchasing or selling stocks, bonds, mutual funds, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Financial Horizons, Inc. does not act as a custodian of client assets. The client always maintains asset control. Financial Horizons, Inc. places trades for clients under a limited power of attorney.

Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Principal Owners

James T. Adams is a 51% stockholder. Fayola M. Gray is a 49% stockholder.

Types of Advisory Services

Financial Horizons, Inc. provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services.

As of December 31, 2014, Financial Horizons, Inc. manages approximately \$120,142,226 in assets for approximately 48 clients. Approximately \$120,142,226 is managed on a discretionary basis, and \$ 0 is managed on a non-discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Clients may impose restrictions on investing in certain securities or types of securities.

Types of Agreements

The following agreements define the typical client relationships.

Financial Planning Agreement

Not Applicable

Advisory Service Agreement

Clients choose to have Financial Horizons, Inc. manage their assets in order to obtain ongoing in-depth advice. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning; and tax preparation, as well as the implementation of recommendations within each area.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedule:

2.00%	on \$200,000
1.50%	on \$500,000
1.25%	on \$750,000
1.00%	on \$1,000,000
.75%	on \$2,000,000 and above

Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing period is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Retainer Agreement

Not Applicable

Investment Management Agreement

Not Applicable

Tax Preparation Agreement

Not Applicable

Hourly Planning Engagements

Not Applicable

Asset Management

Assets are invested primarily in stocks and bonds. Assets may also be invested in no-load or low-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds are purchased or sold through a brokerage account. The brokerage firm charges a fee for stock and bond trades. Financial Horizons, Inc. does not receive any compensation, in any form, from fund companies.

Investments may include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, and mutual funds shares), and U. S. government securities.

Initial public offerings (IPOs) are not available through Financial Horizons, Inc.

Termination of Agreement

A Client may terminate the aforementioned agreement at any time by notifying Financial Horizons, Inc. in writing. If the client made an advance payment, Financial Horizons, Inc. will refund any unearned portion of the advance payment.

Financial Horizons, Inc. may terminate the agreement at any time by notifying the client in writing. If the client made an advance payment, Financial Horizons, Inc. will refund any unearned portion of the advance payment.

Fees and Compensation

Description

Financial Horizons, Inc. bases its fees on a percentage of assets under management.

Fees may be negotiable.

Fee Billing

Investment management fees are billed semi-annually, one month or more within the billing period. Payment in full is expected upon invoice presentation. Fees may be deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security.

Financial Horizons, Inc. may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Financial Horizons, Inc.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

Financial Horizons, Inc. reserves the right to stop work on any account that is more than 120 days overdue. Any unused portion of fees collected in advance will be refunded within 30 days.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Financial Horizons, Inc. does not use a performance-based fee structure.

Types of Clients

Description

Financial Horizons, Inc. generally provides investment advice to individuals, pension and profit sharing plans, and trusts.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$200,000 of assets under management, which equates to an annual fee of \$4,000.

When an account falls below \$200,000 in value, the minimum annual fee of \$4,000 may be charged.

Financial Horizons, Inc. has the discretion to waive the account minimum. Accounts of less than \$200,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$200,000 within a reasonable time.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Financial Horizons, Inc. may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, and the World Wide Web.

Investment Strategies

The primary investment strategy used on client accounts is long term investment in individual stocks by implementing strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from

a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Not Applicable

Affiliations

Not Applicable

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

Code of Ethics

The employees of Financial Horizons, Inc. have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Financial Horizons, Inc. and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Financial Horizons, Inc. compliance policies.

Personal Trading

The Chief Compliance Officer of Financial Horizons, Inc. is James T. Adams. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

Financial Horizons, Inc. does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. Financial Horizons, Inc. may recommend custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Financial Horizons, Inc. recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab & Company, Inc.

Financial Horizons, Inc. does not receive fees or commissions from any of these arrangements.

Best Execution

Financial Horizons, Inc. reviews the execution of trades at each custodian each quarter. Trading fees charged by the custodians is also reviewed on a quarterly basis. Financial Horizons, Inc. does not receive any portion of the trading fees.

Soft Dollars

Not Applicable

Order Aggregation

Not Applicable

Review of Accounts

Periodic Reviews

Account reviews are performed quarterly by advisors James T. Adams, President. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Clients receive periodic communications on at least an annual basis.

Client Referrals and Other Compensation

Incoming Referrals

Financial Horizons, Inc. has been fortunate to receive client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

Financial Horizons, Inc. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

Not Applicable

Custody

SEC "Custody"

Financial Horizons, Inc. does not have custody of accounts.

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record monthly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Financial Horizons, Inc.

Net Worth Statements

Not applicable

Investment Discretion

Discretionary Authority for Trading

Financial Horizons, Inc. accepts discretionary authority to manage securities accounts on behalf of clients. Financial Horizons, Inc. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Financial Horizons, Inc. consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. Financial Horizons, Inc. does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Voting Client Securities

Proxy Votes

Financial Horizons, Inc. does not vote proxies on securities. Clients are expected to vote their own proxies.

Financial Information

Financial Condition

Financial Horizons, Inc. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Financial Horizons, Inc. does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Business Continuity Plan

General

Financial Horizons, Inc. has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

Financial Horizons, Inc. has not signed a Business Continuation Agreement with another financial advisory firm to support Financial Horizons, Inc. in the event of James T. Adams's serious disability or death.

Information Security Program

Information Security

Financial Horizons, Inc. maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Financial Horizons, Inc. is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be

maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Education and Business Standards

Financial Horizons, Inc. requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

EMPLOYEE 1, James T. Adams CERTIFICATIONS**Educational Background:**

- Date of birth: 1/28/1937
- Institutions: B.S. University of Southern California
- C.F.A. 1980

Business Experience:

- Portfolio Manager 1975 to 2011

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

James T. Adams is supervised by James T. Adams.

SUPERVISOR'S contact information: 818 505-9313

EMPLOYEE NAME 2, CERTIFICATIONS**Educational Background:**

- Date of birth:
- Institutions (Year).

Business Experience:

- List here in detail. (Year From – Year To)

Disciplinary Information: (if applicable)

Other Business Activities:

EXAMPLE: NAME serves as an elected volunteer Trustee of Trust Funds in the Town of MUNICIPALITY wherein they manage \$_____ of trust funds and capital reserve funds for the MUNICIPALITY.

Additional Compensation: None

Supervision:

EMPLOYEE NAME is supervised by SUPERVISOR NAME, POSITION. He reviews EMPLOYEE NAME'S work through frequent office interactions as well as remote interactions. He also reviews EMPLOYEE NAME'S activities through our client relationship management system.

SUPERVISOR'S contact information:

PHONE EMAIL