

Part 2A of Form ADV: *Firm Brochure*

Madrona Financial Services, LLC

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8/1/2016

This brochure provides information about the qualifications and business practices of Madrona Financial Services, LLC. If you have any questions about the contents of this brochure, please contact us at 425-252-6909 or info@madronafinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Madrona Financial Services, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 115753.

Item 2 Material Changes

This Firm Brochure, dated 8/1/2016, provides you with a summary of Madrona Financial Services, LLC's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated 7/21/2016:

- There were no material changes.

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Item 4 Advisory Business

Madrona Financial Services, LLC is a SEC-registered investment adviser with its principal place of business located in Washington. Madrona Financial Services, LLC began conducting business in 1999.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Brian Kelly Evans, Managing Member (51% Owner)
- Tracie Evans, Member (49% Owner)

Madrona Financial Services, LLC offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

Ultra Conservative: This target asset mix may be appropriate for individuals who seek to minimize fluctuations in market value by taking an income-oriented approach with minimal potential for capital appreciation, accepting lower returns in exchange for price stability.

Conservative: This target asset mix may be appropriate for individuals who seek to minimize fluctuations in market value by taking an income-oriented approach with some potential for capital appreciation, accepting lower returns in exchange for price stability.

Moderate: This target asset mix may be appropriate for individuals who seek potential for capital appreciation and some growth and can withstand moderate fluctuations in market value. This portfolio should provide a well-balanced diversification.

Growth: This target asset mix may be appropriate for individuals who have a preference for growth and can withstand significant fluctuations in market value, especially over the short term. This model is designed for longer-term investors.

Aggressive: This target asset mix may be appropriate for individuals who seek aggressive growth and can tolerate wide fluctuations in market values, especially over the short term. This portfolio is for long-term investors with many years before they intend to withdraw income.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account.

Clients retain individual ownership of all securities.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Options contracts on commodities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

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

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 will:

1. send quarterly written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and

4. maintain client suitability information in each client's file.

EXCHANGE-TRADED FUND PORTFOLIO MANAGEMENT

Sub-Adviser

Our affiliate firm, Madrona Funds, LLC, provides sub-advisory services to three exchange-traded funds registered under the Investment Company Act of 1940: the AdvisorShares Madrona Domestic ETF, the AdvisorShares Madrona International ETF, and the AdvisorShares Madrona Global Bond ETF (the "Exchange-Traded Funds").

As the investment manager to the Exchange-Traded Funds, Madrona Funds, LLC is responsible for developing, constructing and monitoring the asset allocation and portfolio management for the Funds.

Investors should refer to the Exchange-Traded Funds' prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are available on-line at www.advisorshares.com.

Prior to making any investment in the Exchange-Traded Funds, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Exchange-Traded Funds.

Madrona Financial Services has an incentive to invest discretionary assets in these funds. Madrona Financial mitigates the conflict by only placing client portfolio holdings in the Madrona Funds ETF's when suitable and appropriate to meet a client's investing needs. Although there is a conflict of interest, Madrona Financial is required to act as a fiduciary to its clients and must invest client assets in the client's best interest, regardless of any conflicts of interest.

PENSION AND PROFIT SHARING PLAN CONSULTING SERVICES

We 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 and Profit Sharing Plan Consulting Services are comprised of three distinct services. Clients may choose to use any or all of these services.

Investment Policy Statement Preparation (hereinafter referred to as "IPS"):

We may 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. Our firm may then prepare a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS would also list 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/or exchange-traded funds (both index and managed) 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.

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 also provide quarterly educational support and may provide investment workshops designed for the plan participants when the plan sponsor engages our firm to provide these services. 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.

FINANCIAL PLANNING

We provide 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 achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We can review budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We can 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.
- **INVESTMENTS:** We can analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We can review existing policies to address proper coverage for life, long-term care and liability.
- **RETIREMENT:** We can analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We can review the client's cash needs at death, income needs of surviving dependents, estate planning and long-term care.

- ESTATE: We can 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 and nursing homes.

We can 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 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 stockbroker. 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.

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Options contracts on commodities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Typically the financial plan is presented to the client within three 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. All recommendations are of a generic nature.

CONSULTING SERVICES

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

AMOUNT OF MANAGED ASSETS

As of 12/31/2015, we were actively managing \$136,505,000 of clients' assets on a discretionary basis plus \$4,250,000 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT FEES

Our gross annual fees for Model Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.85% to 1.25%. The gross annual fee includes an additional 25 basis points (0.25%) and is intended to compensate Madrona Financial for assets invested in our affiliated Exchange-Traded Funds as we waive the additional fee of 25 basis points on all assets under our management we place in those Affiliated Exchange-Traded Funds to arrive at your net annual fee that generally ranges from 0.60% to 1.00%.

A minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Madrona Financial Services, LLC may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

For any investor that becomes a client of Madrona Financial Services through solicitation services of John Stillman, investment advisor representative of Madrona Financial, the client will be charged an additional 0.3% solicitation fee calculated based on assets under management for solicitation so long as the client remains a client of Madrona Financial.

Limited Negotiability of Advisory Fees: Although Madrona Financial Services, LLC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

EXCHANGE-TRADED FUND PORTFOLIO MANAGEMENT FEES

Madrona Financial Services, LLC's affiliate, Madrona Funds, LLC charges an asset-based fee for this sub-advisory service. The fee arrangement, termination, and refund policies are described in each of the Exchange-Traded Funds' prospectus and Statement of Additional Information ("SAI").

Madrona Financial Services, LLC will waive a portion of its investment advisory fees for accounts invested in any funds managed by its affiliate. The amount of the fee waiver is no less than the amount its affiliate receives as a result of the client's investment.

PENSION AND PROFIT SHARING PLAN CONSULTING FEES

Our fees for Pension and Profit Sharing Plan Consulting Services are based on a percentage of the plan's assets under advisement, according to the following schedule:

Our gross annual fees for Pension and Profit Sharing Plan Consulting Services are based on a percentage of the plan's assets under advisement and generally range from 0.50% to 0.95%. The gross annual fee includes an additional 25 basis points (0.25%) and is intended to compensate Madrona Financial for assets invested in our affiliated Exchange-Traded Funds as we waive the additional fee of 25 basis points on all assets under our management we place in those Affiliated Exchange-Traded Funds to arrive at your net annual fee that generally ranges from 0.25% to 0.70%.

FINANCIAL PLANNING FEES

Madrona Financial Services, LLC's Financial Planning fee is 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 are calculated and charged on a fixed fee basis, generally \$500 depending on the specific arrangement reached 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 \$500 for work that will not be completed within three months. The balance, if any, is due upon completion of the plan.

On occasion, Madrona Financial Services, LLC may offer financial planning services free of charge with no obligation to the client.

CONSULTING SERVICES FEES

Madrona Financial Services, LLC's offers Financial Consulting Services for free with no obligation to the client.

Management personnel and other related persons of our firm are licensed as insurance agents. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

BUNDLED FEES

Madrona Financial Services, LLC's offers a bundle fee program through the Madrona ONE program. The program includes the following services offered through Madrona Financial Services, LLC and our affiliate, Bauer Evans, Inc. P.S.: integrated planning and consulting, financial accounting and reporting, investment planning and management, income tax return preparation, family continuity such as legacy planning and mentoring younger generations on fiscal management and responsibility, and administration services such as personal bill pay, budgeting and cash flow comparisons, bank reconciliations, general ledger management. The program also includes outsourced legal counsel such as preparation or review of wills, living trusts, Durable Power of Attorneys, and health care directives. The program will cover outsourced fees up to 25% of the annual fee received by Madrona Financial Services, LLC. The program does not include business related services.

Fees for the Madrona ONE program are calculated using a sliding scale based upon total personal assets. The annual fee is billed quarterly and is negotiable.

SEMINAR FEES

Madrona Financial Services, LLC offers seminars and charges a fixed fee for attending the seminar. The fixed fee amount charged may vary by each seminar.

INSURANCE COMMISSIONS AND FEES

Madrona Financial Services, LLC and its investment advisor representatives receive commissions and other benefits from effecting the sale of insurance products. The commissions and other benefits are paid directly by the insurance company to Madrona Financial Services and/or its investment advisor representatives. This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Therefore, there is a conflict of interest and incentive for these individuals to recommend these products over alternative financial products. Clients are not obligated to purchase insurance products through Madrona Financial Services, LLC or an Advisory Fusion, LLC affiliate.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any

time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid fees will not be refunded.

Mutual Fund Fees: All fees paid to Madrona Financial Services, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund and/or ETF directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each 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 by the client and to thereby evaluate the advisory services being provided.

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 the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Madrona Financial Services, LLC'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: Madrona Financial Services, LLC 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, our firm 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, Madrona Financial Services, LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Madrona Financial Services, LLC'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.

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

Madrona Financial Services, LLC does not charge performance-based fees.

Item 7 Types of Clients

Madrona Financial Services, LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above

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

METHODS OF ANALYSIS

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

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

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Quantitative Analysis. We use mathematical models 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.

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 methodology used by the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated a superior value-add proposition. 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(s) 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.

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 strategy(ies) in managing client accounts, provided that such strategy(ies) 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.

Margin transactions. At the clients request, we may purchase stocks for your portfolio with

money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Item 9 Disciplinary Information

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.

Item 10 Other Financial Industry Activities and Affiliations

Exchange-Traded Fund:

Madrona Financial Services, LLC previously disclosed in "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) of this brochure that our firm is affiliated to Madrona Funds, LLC, the investment sub-adviser to the AdvisorShares Madrona Domestic ETF, the AdvisorShares Madrona International ETF, and the AdvisorShares Madrona Global Bond ETF, each of which is an investment company registered under the Investment Company Act of 1940. We are related to the Exchange-Traded Funds through common control. Please refer to these items for a detailed explanation of this relationship and important conflict of interest disclosures.

For additional information, the Fund Prospectus and Statement of Additional Information are available on-line at: www.advisorshares.com. Prospective investors should review these documents carefully before making any investment in the Exchange-Traded Funds.

A list of affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

Other Investment Advisory Business:

Owners of our firm are also partners in Advisory Fusion, LLC, a registered investment advisor and licensed insurance agent. For details of Advisory Fusion, LLC's business, please refer to the Firm's ADV which can be found on the SEC website.

A list of affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

Certified Public Accounting Firm:

Management personnel of our firm are also partners in the accounting firm of Bauer Evans,

Inc. P.S. ("Bauer Evans"), where they are individually licensed and practicing Certified Public Accountants providing accounting services for separate and typical compensation.

Bauer Evans typically recommends Madrona Financial Services, LLC to accounting clients in need of advisory services. Conversely, Madrona Financial Services, LLC typically recommends Bauer Evans to advisory clients in need of accounting services. Accounting services provided by Bauer Evans are separate and distinct from our advisory services, and are provided for separate and typical compensation. There are no referral fee arrangements between our firms for these recommendations. No Madrona Financial Services, LLC client is obligated to use Bauer Evans for any accounting services and conversely, no accounting client is obligated to use the advisory services provided by us. Bauer Evans' accounting services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf.

These individuals may spend the majority of their time on their accounting practice.

Insurance Brokerage:

Management personnel of our firm, in their individual capacities, are licensed as insurance agents. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by Madrona Financial Services, LLC and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Madrona Financial Services, LLC 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 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; and
- 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.

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

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

Madrona Financial Services, LLC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Madrona Financial Services, LLC's 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 info@madronafinancial.com, or by calling us at 425-252-6909.

Madrona Financial Services, LLC and individuals associated with our firm are prohibited from engaging in principal transactions.

Madrona Financial Services, LLC and individuals associated with our firm are prohibited from engaging in agency cross transactions.

The principal of Madrona Financial Services, LLC is also the Managing Member of Madrona Funds, LLC ("Madrona Funds"). As previously disclosed in this brochure, Madrona Funds is the investment sub-adviser to three affiliated exchange-traded funds. Madrona Financial Services, LLC and our members, officers and employees will devote to Madrona Funds as much time as we deem necessary and appropriate to manage Madrona Funds' business. Madrona Financial Services, LLC and our affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with Madrona Financial Services, LLC and/or may involve substantial time and resources of our firm and our

affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees will not be devoted exclusively to the business of Madrona Financial Services, LLC, but could be allocated between the business of Madrona Financial Services, LLC and our other business activities and those of our affiliates. Please refer to "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) for a detailed explanation of this relationship and important conflict of interest disclosure.

In addition, access persons of our firm are required to report all personal securities transactions conducted in our affiliated exchange-traded funds.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) 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(ies) 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.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

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:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. 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. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.

4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All clients are fully informed that related persons receive separate commission compensation when effecting transactions during the implementation process.
8. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
9. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
10. We require delivery and acknowledgment of the Code of Ethics by each supervised person of our firm.
11. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
12. 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), related persons of our firm are separately licensed as an insurance agent/broker. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

Madrona Financial Services, LLC does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Madrona Financial Services, LLC requires that clients provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to our clients for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Madrona Financial Services, LLC will use block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are

shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Madrona Financial Services, LLC will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Madrona Financial Services, LLC's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Madrona Financial Services, LLC, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Madrona Financial Services, LLC to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Madrona Financial Services, LLC's client account records separately reflect, for each

account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on Madrona Financial Services, LLC's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Madrona Financial Services, LLC may recommend that clients establish brokerage accounts with the Schwab Institutional 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. Although we may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Madrona Financial Services, LLC is independently owned and operated and not affiliated with Schwab.

Schwab provides Madrona Financial Services, LLC 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 advisers 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 Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). 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 Institutional also makes available to our firm other products and services that benefit Madrona Financial Services, LLC 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

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

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

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. 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 Madrona Financial Services, LLC. Schwab Institutional 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 Institutional 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 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.

Madrona Financial Services, LLC has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides our firm with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help our firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom Madrona Financial Services, LLC may contract directly.

Madrona Financial Services, LLC is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients 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 Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity

provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of Madrona Financial Services, LLC's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Madrona Financial Services, LLC will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Fidelity is providing Madrona Financial Services, LLC with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

Madrona Financial Services, LLC participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Madrona Financial Services, LLC receives some benefits from TD Ameritrade through our participation in the program.

Madrona Financial Services, LLC participates in TD Ameritrade's Institutional customer program and we may recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Madrona Financial

Services, LLC by third party vendors.

Some of the products and services made available by TD Ameritrade through the program may benefit Madrona Financial Services, LLC but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Madrona Financial Services, LLC through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Madrona Financial Services, LLC or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT SERVICE

REVIEWS: While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Brian K. Evans and/or a designated individual

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

PENSION AND PROFIT SHARING CONSULTING SERVICES

REVIEWS: Madrona Financial Services, LLC will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Madrona Financial Services, LLC will also review the investment options of the plan according to the agreed upon time intervals established in the IPS.

These accounts are reviewed by: Brian K. Evans and/or a designated individual

REPORTS: These client accounts will receive reports periodically from the third party administrator.

FINANCIAL PLANNING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

REPORTS: Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

CONSULTING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

REPORTS: Consulting Services clients will not typically receive reports due to the nature of the service.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm 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 *Firm 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
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral, unless the fact is disclosed to the client.

For any investor that becomes a client of Madrona Financial Services, LLC through solicitation services of John Stillman, investment advisor representative of Madrona Financial, the client will be charged an additional 0.3% solicitation fee calculated based on assets under management.

It is Madrona Financial Services, LLC'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.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm 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.

Because the custodian does not calculate the amount of the fee to be deducted, 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.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements 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.

Item 16 Investment Discretion

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

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Item 18 Financial Information

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Madrona Financial Services, LLC has no such financial circumstances to report.

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.

Madrona Financial Services, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.