



Heritage Wealth Management, Inc.
Wrap Fee Program Brochure

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This wrap fee program brochure provides information about the qualifications and business practices of Heritage Wealth Management, Inc. If you have any questions about the contents of this brochure, please contact us at 713-871-9800 and/or at Brett@heritageplanners.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.

Additional information about Heritage Wealth Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Our Firm is required to advise you of any material changes to our Wrap Fee Program Brochure ("Wrap Brochure") since our last annual update in February 2015. Due to an increase in assets under management, the Firm is registering with the SEC in March 2016.

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SERVICES, FEES AND COMPENSATION

SERVICES

Advisory Firm Description

Heritage Wealth Management, Inc. ("HWM" or the "Firm") has been in business since July 1, 2002. The principal owner is Brett Stephen Carleton. HWM provides its clients with investment advisory services, which includes comprehensive wealth management services, and financial planning services.

Wrap Fee Program Description

The HWM Wrap Fee Program (the "Program") is a fee-only investment management program sponsored by HWM. The Program provides individuals, pension and profit sharing plans, trusts, estates, charitable organizations and business entities the ability to trade in individual debt and equity securities, mutual funds, index funds, exchange-traded funds, options and other eligible securities without incurring separate brokerage commissions or transaction charges.

HWM's investment management service includes:

- Determining clients' investment goals.
- Evaluating current assets.
- Determining projected cash flow needs.
- Determining any investment constraints.
- Determining client risk tolerance.
- Developing an asset allocation, including specific investment recommendations.
- Placing trades in the client's account as appropriate.
- Ongoing support:
 - Support to the client for the investment account establishment and/or transfer assistance.
 - Portfolio monitoring.
- Quarterly reports.

Comprehensive Wealth Management

The Firm also provides a customized service to families or individuals requiring the Firm to take a much more integrated role in coordinating the client's financial picture. This service may include some or all of the following:

- Financial planning
- Investment management
- Interviewing, selecting and overseeing:
 - Accountants
 - Mortgages
 - Banking relationships
 - Tax planning and filing
 - Estate planning

Because of the differing nature of each family's needs, this service is provided on a proposal basis, where the Firm outlines to the family (or individual) what will be provided at what price. An Agreement for Comprehensive Wealth Management, which will contain the proposal as an addendum, will be executed and will show exactly what services the client will receive from the Firm, any reports and regular meetings, and what fees the client will be paying.

HWM also offers financial planning services which are separate from the Program. Please refer to our Form ADV Part 2A for more information on those services.

FEES and COMPENSATION

Program Fees

Clients in the Program pay a single annualized fee for participation in the Program (the "Program Fee") as shown in the table below. The Program Fee is negotiable and may be adjusted based on the complexity of each client's individual situation. Program assets are generally aggregated by family with the minimum annual Program Fee of \$10,000/household. may be deducted from Client's account or payable by check to the Firm

Assets Under Management	Annual Wrap Program Fee
\$1,000,000 to \$3,000,000	1.00%
\$3,000,001 to \$5,000,000	0.90%
Greater than \$5,000,000	0.75%

Fees are generally billed quarterly in advance at the rate of one fourth of the annual fee shown above. Fees for the next quarter are calculated based on the portfolio valuation, including interest, as of the close of market on the last business day of the previous quarter. Additional deposits and withdrawals of funds and/or securities to the Program may be made to the account at any time. Program Fees are calculated pro rata for partial billing periods based upon the value of the assets in the account and the number of days in the calendar quarter. The fee calculation is computed by Black Diamond, a portfolio management software, which receives a daily valuation of securities from Fidelity Investments or an independent pricing service.

HWM's Investment Advisory Agreement and the client's agreement with the custodian may authorize the custodian to deduct the Program Fee from the client's account and remit it directly to HWM or the Program Fee may be payable by check to the Firm. In arrangements where the Program Fee is deducted directly from the client's account, the custodian will send the client a statement, at least quarterly, indicating all amounts disbursed from the client's Account, including the amount of the Program Fee paid directly to HWM. This fee deduction is deemed a form of custody by the Securities and Exchange Commission, although all client securities, investments and funds are held by an outside custodian. The Firm may direct the movement of funds from one account in the client's name to another account in the client's name, but has no access to funds or securities except for this deduction of fees.

Comprehensive Wealth Management Fees

Because of the differing nature of each family's needs, this service is provided on a proposal basis, where the Firm outlines to the family (or individual) what will be provided at what price. An agreement for Comprehensive Wealth Management, which will contain the proposal as an addendum, will be executed and will show exactly what services the client will receive from the Firm, any reports and regular meetings, and what fees the client will be paying. The Firm may charge a flat fee for comprehensive planning, (e.g., \$2500) or the Firm may charge hourly for smaller projects (typically \$150-\$300/hour). These fees (and associated services) are included in the client's Annual Program Fee.

Fee Comparison

Under the Program, clients receive both investment advisory services and the execution of transactions in eligible securities for a single, combined annualized fee, the Program Fee. Participation in the Program may cost the client more or less than purchasing such services separately elsewhere. For example, the number of transactions made in the client's account, as well as the commissions charged for each transaction, will determine the relative cost of the Program versus paying for execution on a per-transaction basis and paying a separate fee for advisory services. The Program Fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs. HWM receives the entire Program Fee, and then reimburses the broker/dealer for the transaction fees a client's account incurred (if any) during the prior quarter. Thus, HWM receives and retains the majority of the quarterly Program Fee. This fee may be higher or lower than fees available elsewhere should the client opt to pay for investment advice and transaction fees separately. HWM offers only the Program Fee to its clients in order to eliminate client concerns regarding variable transaction costs.

Additional Costs

The Program Fee includes transaction fees, but is separate from all other account fees including exchange, wire transfer or margin interest fees charged by the custodian.

When HWM recommends a mutual fund for a client's account, two separate fees may be charged to the client, either directly or indirectly. The first fee is HWM's investment management fee where the fund is included in the asset base for the quarterly fee calculation. The second is the set of internal fees charged by the investment company for the fund's investment management, marketing, administration and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each client by the custodian. (This set of fees also applies to any ETF or money market fund purchased in the client's account.)

Other Compensation for Participation in Wrap Fee Program

HWM recommends various qualified custodians for clients. HWM has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides HWM with "institutional platform services." The institutional platform services include, among

others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist HWM 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 HWM manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, 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 HWM may contract directly. HWM receives these benefits as a result of its clients' relationships with Fidelity, but has no formal soft dollar arrangements and receives no compensation from Fidelity. These benefits provided by Fidelity might assist HWM with its administration of client accounts, and thus slightly help its profitability, creating a potential conflict of interest with clients. HWM believes this is not a material conflict.

HWM is independently operated and owned and is not affiliated with Fidelity.

HWM recommends Fidelity as a "qualified custodian" for clients' accounts, with each client signing a separate agreement with Fidelity. In recommending a custodian, HWM considers the range and quality of the products the custodian offers, the technical support provided, execution quality, commission rates, the financial responsibility and responsiveness of the custodian to both HWM and its clients. HWM recognizes its responsibility to attain best execution and recognizes that limiting its custodial relationships may affect its ability to provide best execution on a trade-by-trade basis. However, HWM evaluates its entire custodial relationship in assessing best execution on a client-by-client basis.

PORTFOLIO REQUIREMENTS AND TYPES OF CLIENTS

PORTFOLIO REQUIREMENTS

HWM prefers a minimum investment amount to start of \$1,000,000. HWM reserves the right to waive or lower this minimum.

TYPES OF CLIENTS

HWM provides investment supervisory services and manages investment advisory accounts for:

- individuals,
- high net worth individuals,
- pension and profit sharing plans,
- trusts, estates or charitable organizations, and
- corporations or other business.

PORTFOLIO MANAGER SELECTION AND EVALUATION

HWM is the only portfolio manager for the Program described in this wrap fee program brochure. HWM does not offer access to additional portfolio managers, but offers one fee to its clients in order to eliminate concerns regarding variable transaction costs. To the extent that HWM receives the Program Fee as a result of recommending itself, the Firm is in a conflict of interest with its clients.

ADDITIONAL FIRM INFORMATION

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

HWM does not receive performance-based fees on any accounts. Side-by-side management would apply if the Firm managed both accounts paying such fees and accounts not paying performance fees.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

HWM uses a combination of the following types of analysis in evaluating investments for client accounts:

- Charting—Analysis of charts of past stock performance
- Fundamental—Analysis of financial attributes of a company, such as revenue growth, debt to equity ratio, inventory turnover, etc.
- Technical—Analysis which assumes past performance is a predictor of future performance
- Cyclical—Analysis based on business, industry, calendar or historical cycles

The investment strategies HWM uses to implement investment advice include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Option writing, including covered options, uncovered options or spreading strategies

Investment strategies for client accounts are structured to meet each client's objective. Asset allocation is the major differentiation between strategies. Diversification is accomplished within asset categories by varying sectors, time horizons and income production.

HWM does not guarantee the future performance of the account or any specific level of performance, the success of any investment decision or strategy that the Firm may use, or the success of the Firm's overall management of the account. The client understands that investment decisions made for the client's account by the Firm are subject to various market, economic, political and business risks, and that those investment decisions will not always be profitable. Trading in uncovered options increases risk of loss, such that losses may exceed the amount initially invested. Clients are reminded that investing in any security entails risk of loss which they should be willing to bear.

VOTING CLIENT SECURITIES

HWM does not vote client proxies for securities held in client accounts. Clients receive proxy information directly from the custodians by email or US mail, and may contact HWM for assistance in voting on any particular issue.

CLIENT INFORMATION PROVIDED TO HERITAGE WEALTH MANAGEMENT

After an analysis of the information provided by the client, HWM assists the client in developing an appropriate investment strategy for the assets in his/her account (the "Investment Strategy"). Thereafter, clients are contacted periodically and are requested to provide HWM with information regarding changes to their financial situation or investment objectives. HWM periodically reassesses the current Investment Strategy based on any other information provided by the client regarding his/her client profile.

The agreement that clients enter with HWM provides that the client grants HWM limited discretion (through a limited power of attorney) to determine both the securities purchased and sold and the amounts of those purchases and sales. Clients may place restrictions on HWM's discretion in writing.

CLIENT CONTACT WITH HERITAGE WEALTH MANAGEMENT

All clients are encouraged to contact or meet on a semi-annual basis with HWM to review their account reports, update their client information and determine whether changes should be made to their Investment Strategy. There are no restrictions on clients to contact or consult with HWM regarding the Program or their account.

ADDITIONAL INFORMATION

DISCIPLINARY INFORMATION

There have been no disciplinary actions against HWM, Mr. Carleton nor any individuals associated with the Firm.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

HWM has no other financial industry activities or affiliations.

CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

HWM has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as "employees") and focuses on three specific areas where employee conduct has the potential to adversely affect the client: misuse of confidential information; personal securities trading and outside business activities. Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of the Firm's Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm's business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients' interests come before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees' interests on the one hand and clients' on the other.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal or client securities trades.

Personal Securities Trading

Mr. Carleton or individuals associated with the Firm may buy, sell or hold in their personal accounts the same securities the Firm recommends to its clients. Such trades may occur simultaneously with or after trades placed on behalf of clients and receive average pricing or after client trades with clients always receiving the same or better pricing.

To avoid conflicts of interest, the Firm has established the following policies:

- An officer, director or employee of HWM shall not buy or sell securities for a personal portfolio when the decision to purchase is substantially derived, in whole or in part, by reason of employment with the Firm, unless the information is also available to the investing public on reasonable inquiry. No person associated with HWM shall prefer his or her own interest to that of any client. Employees may participate in block trades.
- Employee accounts are encouraged to be held at Fidelity, so the Firm is able to monitor any trades that employees have placed in their personal accounts.
- Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.

The Firm's Code of Ethics allows the purchase of IPOs or private placements only with prior permission from Mr. Carleton, the Firm's Chief Compliance Officer. Clients may

request to review a copy of the Firm's Code of Ethics, which contains the employee trading policy.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.

Outside Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed.

REVIEW OF ACCOUNTS

Mr. Carleton conducts all account reviews. Reviews are conducted as a matter of course at least quarterly and consist of looking at portfolio holdings, cash flows, and market activity in light of client objectives. Additional reviews may be triggered by events such as a client meeting, change in a client's risk tolerance, financial position or investment objective, change in a company or fund's management, unusual market or economic circumstances or other unforeseen events.

The Firm provides clients with quarterly written/electronic statements of portfolio holdings and annual written/electronic summaries of income and investment management fees paid. The custodian provides detailed written statements of realized gains/losses on 1099. All clients are encouraged to contact or meet on at least a semi-annual basis with HWM to review their account reports, update their client information and determine whether changes should be made to their Investment Strategy.

CLIENT REFERRALS AND OTHER COMPENSATION

HWM does not compensate any person directly or indirectly for client referrals.

FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair HWM's ability to meet its contractual commitments to its clients.

Client Assets Under Management

As of December 31, 2015, HWM's Program had \$113,054,954 of discretionary assets under management.

Termination

The typical Program agreement HWM enters into with clients allows for either party to terminate the agreement immediately upon receipt of written notice. The client may terminate the agreement without penalty within five (5) business days after entering the agreement. Otherwise, at the date of termination, the client agrees to pay fees due the Firm on a pro rata basis. The Firm will provide clients of the Program services with summary statements on a year-to-date basis upon termination.

Either a client or the Firm may terminate the typical Investment Management or Comprehensive Wealth Management agreement HWM enters into with clients at any time upon written receipt of notice from the other party, and any fees due to the Firm or to outside parties will be paid promptly by the client. To the extent that prepaid fees have not yet been earned, those fees will be promptly refunded to the client. The Firm refunds any unused portion of the fee based on the number of days remaining in the quarter.



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ADV 2A (Firm Brochure)

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Material Changes

The last annual update of this brochure was in February 2015. Due to an increase in assets under management, the Firm is registering with the SEC in March 2016.

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ADVISORY BUSINESS

Advisory Firm Description

Heritage Wealth Management, Inc. ("HWM" or the "Firm") has been in business since July 1, 2002. The principal owner is Brett Stephen Carleton.

Types of Advisory Services

Financial Planning Services

Financial planning advice will typically involve providing a variety of services to clients regarding the management of their financial resources based upon an analysis of their individual needs. The Firm will first conduct a complimentary initial consultation during which pertinent information about the client's financial circumstances and objectives is collected. The information normally covers, but is not limited to, present and anticipated assets and liabilities, retirement goals, investment horizon, financial needs and cost of living needs. Once such information has been reviewed and analyzed, a written financial plan designed to achieve the client's stated financial goals and objectives will be produced and presented to the client.

Investment Advisory Services

HWM also offers investment advisory services known as wrap fee programs, which include portfolio management for individuals and for businesses, pension consulting and selection of other advisers. These services are separately disclosed in the Firm's Wrap Fee brochure.

Client Assets Under Management

As of December 31, 2015, the Firm had \$113,054,954 of discretionary assets under management.

FEES AND COMPENSATION

HWM utilizes the following financial planning fee schedule, subject to negotiation depending on the nature, complexity and time involved in providing the client with requested services:

Fixed Fees

HWM will charge a fixed fee, which ranges between \$2,500 and \$10,000 for comprehensive financial planning services. The fee is determined at the onset of the engagement and depends upon the complexity of the client's needs and the scope of the financial planning services required to meet those needs. This fee is charged one-half up front and one-half upon completion of the plan, with plans generally being completed within 90 days. *In limited circumstances*, the total cost could potentially exceed this fixed amount, which is directly dependent upon the complexity

of the contracted service. In such cases, HWM will notify the client and may request that the client pay an additional fee.

Hourly Fees

HWM charges an hourly consultation fee, which ranges between \$100 and \$300 depending on the nature of the contracted services. These consultation fees are due immediately upon completion of the consultation.

Termination

The typical financial planning agreement HWM enters into with clients allows for either party to terminate the agreement immediately upon receipt of written notice. The client may terminate a financial planning agreement without penalty within five (5) business days after entering the agreement. Otherwise, at the date of termination, the client agrees to pay fees due the Firm on a pro rata basis or the Firm will refund any prepaid fees which have not yet been earned (e.g., if a client chooses not to go through with the plan after paying HWM ½ of the fee, the Firm will refund that portion of the fee to the client).

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

HWM does not charge any performance-based fees or engage in side-by-side management.

TYPES OF CLIENTS

HWM provides investment advisory services to:

- Individuals
- High net worth individuals
- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- Corporations and other businesses

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

HWM does not invest for clients in its financial planning role.

The financial planning process will involve the collection, organization and assessment by HWM of all relevant client data, as well as identification of the client's financial concerns, goals and objectives. The primary objective of this process is to allow HWM to assist the client in developing a strategy for the successful management of income, assets and liabilities in meeting the client's long-term financial goals and objectives.

Financial plans are based on the client's financial situation at the time the plan is presented and are based on financial information disclosed by the client to HWM. HWM cannot offer any guarantees or promises that the client's financial goals and objectives

will be met. As the client's financial situation, goals, objectives or needs change, the client must notify HWM promptly.

Clients are advised that financial plans do not guarantee investment results. Investment assumptions included in a financial plan are not guaranteed and should be monitored based on each client's individual risk temperament, time horizon and portfolio allocation.

DISCIPLINARY INFORMATION

There have been no disciplinary actions against HWM or Mr. Carleton.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

HWM has no other financial industry activities or affiliations.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

HWM has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as "employees") and focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of the Firm's Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm's business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients' interests come before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of interest of which it is aware between itself and clients as well as between Firm employees and clients.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.

- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal or recommending clients' securities trades.

Personal Securities Trading

HWM or individuals associated with the Firm may buy, sell or hold in their personal accounts the same securities the Firm recommends to its clients. This creates a potential conflict of interest with the possibility of Firm personnel obtaining a better price than clients obtain. To mitigate this conflict, such trades may occur on the same day at the same time receiving average pricing or after the client with the client receiving the same or better pricing. The purchase of IPOs or private placements is allowed with prior permission from Mr. Carleton, the Firm's Chief Compliance Officer. The Firm does not allow front running.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.

Outside Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the employee will be directed to cease this activity.

BROKERAGE PRACTICES

In its financial planning role, the Firm does not recommend brokers for clients.

REVIEW OF ACCOUNTS

Mr. Carleton, President, conducts all financial plan reviews. A customized written financial plan is produced and presented to each client, with the exception of hourly consultations, which may or may not result in a written document.

CLIENT REFERRALS AND OTHER COMPENSATION

The Firm does not pay outside individuals or entities for referring clients.

CUSTODY

The Firm does not manage accounts in its financial planning role so does not have custody.

INVESTMENT DISCRETION

The Firm does not manage accounts in its financial planning role so does not have investment discretion.

VOTING CLIENT SECURITIES

In its financial planning role, the Firm does not vote proxies for clients.

FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair the Firm's ability to meet its contractual commitments to its clients.