



SEC Form ADV Part 2A
Firm Brochure
("Brochure")

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Updated: March 28, 2016

This Brochure provides information about the qualifications and business practices of VERITY Wealth Advisors LLC ("VERITY"). If you have any questions about the contents of this brochure, please contact us at telephone number 415-561-3340 or via e-mail at evan@veritywealth.com. The information in this brochure has NOT been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. VERITY is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

This Brochure does not constitute an offer to sell, or the solicitation of an offer to buy, any securities.

Additional information about VERITY is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

VERITY last submitted an annual update to its Form ADV Part 2A on March 17, 2015. This section of VERITY's disclosure brochure is provided to highlight only those material changes made since the firm's last amended disclosure brochure dated March 17, 2015.

- Item 5. Fees and Compensation – VERITY now provides a retainer-based consulting service for which it charges a quarterly fee of \$500 for two hours of consulting per calendar quarter and charges \$300/hour for any consulting services beyond the initial two-hours.
- Item 10. Other Financial Industry Activities and Affiliations – In January, 2016, VERITY entered into an agreement with CW Henderson, a municipal bond separately managed account manager, wherein CW Henderson sub-manages municipal bond portfolios for certain clients.

Additional changes were made that are not discussed in this summary and, consequently, clients are encouraged to read this version of VERITY's disclosure brochure in its entirety.

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Item 4 - Advisory Business

VERITY Wealth Advisors was founded in 2003 by Evan Oliver, who remains the principal owner of the firm. VERITY provides a broad range of financial advisory services that depend upon the needs of the client. Our services fall into two main categories:

Managed	VERITY builds, directs and maintains an investment portfolio for the client
Consulting	VERITY provides ad-hoc financial advice on an as-needed basis

These service arrangements may or may not include the provision of Financial Planning services.

VERITY believes that the best investment advice is provided when an advisor is deeply intertwined in every aspect of their clients' overall financial picture, a view best gained through the financial planning process. However, in limited situations, VERITY will manage a client's assets without also providing financial planning services. We currently have clients engaged under such investment management only agreements.

VERITY also provides non-managed financial consulting to a limited number of clients. Under these contracts, VERITY provides investment and/or financial planning advice on an ad-hoc basis, but does not take on the fiduciary responsibility of managing the clients' assets. This type of mandate also includes the firm's involvement in divorce financial planning.

VERITY Wealth Advisors also acts as the general partner of a limited partnership, Verity Alternative Partners L.P. ("VAP"). This partnership was formed in 2005 as a means of providing VERITY clients with exposure to such alternative investments as real estate, commodities and hedge funds. The fund has been closed to new investment since 2006 and is nearing the end of its planned lifespan. VERITY does not receive any management fee or other compensation for serving as the general partner of WAP.

As of December 31, 2015, the amount of assets upon which VERITY provides supervisory services totaled \$108,900,000 in discretionary funds management and \$8,700,000 in non-discretionary fund management. These amounts includes accounts to which VERITY provides "continuous and regular supervisory or management services" over the assets. This figure also includes engagements whereby VERITY provides a broad range of Financial Planning services (i.e. our traditional wealth management mandates), including but not limited to general guidance on estate planning, taxes, insurance and retirement planning issues. VERITY is NOT licensed to provide specific tax or legal advice and therefore the guidance given under these mandates is designed only to supplement the expert counsel of tax and/or legal practitioners.

Item 5 - Fees and Compensation

For VERITY's full wealth management services, we generally charge a flat \$10,000 fee for the first \$1 million of managed assets (which equates to 1%) and then 0.50% (50 basis points) for assets above \$1 million. As assets approach \$5 million, we waive the initial flat fee so that the fees for portfolios above \$5 million are charged a flat 0.50%. Standard fees at each level of portfolio size are shown below:

Assets managed	
\$1 million and below	\$10,000
\$1 million to \$4 million	\$10,000 plus 0.50% of assets over \$1 million
\$4 million to \$5 million	\$25,000
Above \$5 million	0.50% of assets

While the above table represents a standard schedule of fees, each service contract contains a specific billing regimen within the engagement agreement that may or may not adhere to this standard, so deviations from this schedule can and

do occur. These fees are paid on a quarterly basis (i.e. one-fourth each quarter) and are calculated using portfolio values as of the last day of the final month of each calendar quarter (March, June, September and December). These fees are then deducted directly from portfolio assets, though VERITY will consider other payment options.

Investment management only services are generally available only to those clients with managed assets above \$5 million and fees are negotiated on a case-by-case basis and currently range between 0.15% and 0.50%. Billing for these fees is handled in the same fashion as for the wealth management mandates above.

Certain legacy consultation clients are billed on an hourly basis at the then prevailing rate or a rate initially agreed to in an engagement agreement, whichever is less. The current billing rate is \$300 per hour and has ranged between \$300 and \$450 per hour over the past ten years. These fees are billed by invoice on a monthly (or bi-monthly or quarterly, depending upon the size of the invoice) basis.

Starting in 2105, newly engaged consultation clients are charged on a quarterly retainer rather than on an hourly basis. These clients are charged a quarterly retainer of \$500 (in arrears), for two hours of consulting on financial planning and/or investing. Any additional time is billed at an hourly rate of \$300, or at the rate initially agreed upon in the investment advisory agreement; whichever is less.

VERITY Wealth Advisors no longer (Since January 1, 2014) charges investment management fees for the management of VAP, as the partnership in the process of liquidation.

The fees mentioned above represent the only fees that VERITY collects in relation to the management of client assets and the provision of advice. The securities and/or funds that VERITY purchases for clients charge their own fees (i.e. underlying management fees) and the custodian of the client's assets (i.e. Schwab) charges commissions on certain security transactions and fees for providing certain services (e.g. wire fees). VERITY does NOT in any way share in these underlying fees. For more information about the custodial relationships that VERITY has established and its choice of brokerage services, see the Brokerage Practices and Custody sections below. Clients have the option to purchase investment products that we recommend through other brokers or agents not recommended by VERITY, if they so choose.

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

VERITY does not charge any performance-based fees nor do we share in any such arrangements with any manager we recommend who may charge such fees. VERITY may charge different marginal rates based upon portfolio size and other factors. VERITY's style of portfolio management and supervision (described later in this brochure) is designed with the goal of treating each client equitably.

Item 7 - Types of Clients

VERITY provides its services primarily to high-net-worth individuals, but also does limited work with other entities such as retirement plans, foundations, and trustees of irrevocable trusts.

VERITY also supervises assets managed or sub-advised by other investment advisers

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

VERITY Wealth Advisors develops investment plans tailored to the specific needs of each client based many different factors, primarily:

- 1) The role that the portfolio plays in the client's overall financial picture;

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- 2) The client's tolerance for risk (in terms of both capacity and comfort); and
 - 3) The interplay of return needs and risk tolerance.

These factors are combined to guide a targeted asset allocation designed to provide a reasonable balance between these factors.

After allocation targets are determined, VERITY then considers, as the default investment strategy, the use of index or index-like securities to execute the specific asset class allocations. In the presence of compelling evidence, we will sometimes opt instead to execute a target allocation using investments other than index-based securities, including actively-managed funds.

Once in place, VERITY periodically, but no less than quarterly, monitors portfolios and rebalances the client portfolios, when allocations deviate substantially from the target allocation. While we discourage our clients from making changes to the target allocations based on short-term changes to their comfort with risk, we do make adjustments to target allocations as their long-term appetite for risk changes.

The single most important determinant of the risk of loss within a given client's portfolio is the target percentage devoted to fixed income. While the risk tolerance of each client differs, we tend to maintain a significant allocation to fixed income regardless of economic cycle in hopes of buffering the capital preservation characteristics of our client's portfolios.

Item 9 - Disciplinary information

Neither VERITY Wealth Advisors, its employees, nor Verity Alternative Partners L.P. have been involved in any legal or disciplinary events since the firm's inception in 2003.

Item 10 - Other Financial Industry Activities and Affiliations

VERITY is the investment manager of Verity Alternative Partners, a small investment partnership that is in the process of winding down. VERITY receives no compensation for serving as general partner or investment manager of VAP.

Additionally, VERITY has entered into a sub-advisory agreement with CW Henderson, a municipal bond separately managed account manager, wherein CW Henderson sub-manages municipal bond portfolios for certain clients.

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

The principals and employees of VERITY Wealth Advisors are governed by the firm's Trading Code of Ethics, established pursuant to SEC Rule 204A-1. A copy of this code of ethics is available upon request. VERITY's principals and employees may buy, sell or hold securities identical to those recommended to clients. Personal transactions must first be approved by a principal of the firm. Approval is not required for the trading of mutual funds or government-related securities.

Additionally:

- A principal or employee of VERITY shall not buy or sell securities for his or her own personal portfolio when their decision to do so is a result of information derived from their position at VERITY, unless that information is also reasonably available to the investing public.
- VERITY maintains records of all securities bought, sold or held by its principals and employees and these records are reviewed on a regular basis by a principal of the firm.
- VERITY requires that all of its principals and employees obey applicable federal and state regulations governing registered investment advisory practices.

- Any individual found to have violated any of these rules is subject to disciplinary action, including dismissal from the firm.

Item 12 - Brokerage Practices

VERITY currently maintains no active broker relationship outside of the brokerage business associated with the custodial platform that we use for our clients, Charles Schwab & Co. VERITY seeks to engage in a low level of trading and therefore seeks to negotiate favorable commission rates and centralized service team support from a single broker.

VERITY believes that the electronic and liquid nature of the markets for the securities that we trade, along with the fact that we have already selected an industry leader for combined custody and execution, allows no tangible value to be added by expanding the list of brokers that we use. VERITY participates in no soft-dollar arrangements or wrap-fee agreements.

In December 2015, VERITY implemented a more structured system to track the details of trades as they occur. This allows VERITY to more accurately review and evaluate the execution quality of our brokerage practices and trade. Generally, VERITY has tracked and rated trade executions in relation to the current bid-ask spreads. In December 2015, VERITY began using a trade worksheet that tracks additional details about each Exchange-Traded Fund ("ETF") trade, such as indicated value. The trade data is then transferred to a worksheet that displays ETF trades by quarter, along with execution metrics.

VERITY generally recommends and prefers that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), which is a FINRA-registered broker-dealer and member of SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Schwab provides VERITY with access to its institutional trading and custody services. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them, so long as a sizeable amount of the advisor's clients' assets are maintained in accounts at Schwab. These services are not contingent upon VERITY 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. Schwab generally does not charge clients separately for custody services. However, client account holders pay Schwab commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to VERITY other products and services that benefit VERITY but may not directly benefit clients' accounts. These products and services may be used to service all or some substantial number of VERITY accounts, including accounts not specifically maintained at Schwab.

Schwab's products and services that assist VERITY 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 VERITY's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help VERITY manage and further develop its 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 VERITY. 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 VERITY. Schwab may also provide other benefits such as educational events or occasional business entertainment of VERITY personnel. In evaluating whether to

recommend that clients custody their assets at Schwab, VERITY 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 it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

In certain circumstances VERITY will aggregate trades for client accounts under our master account, enter a block trade and then allocate those trades to specific clients post execution. This practice allows VERITY to (1) aggregate multiple trades in a particular security for specific clients and/or (2) group together trades for multiple clients in the same security, potentially reducing commissions and market impact. This type of trade typically occurs as a result of portfolio rebalancing efforts.

Item 13 - Review of Accounts

VERITY's portfolio management system as well as other tools provide us with the ability to view the entirety of our clients' assets on a consistent basis to determine whether specific action is required within a particular portfolio. Additionally, each portfolio is specifically reviewed and compared against targets on at least a quarterly basis to determine whether any routine rebalancing or other adjustments are necessary. VERITY provides quarterly performance reports to clients.

Item 14 - Client Referrals and Other Compensation

VERITY maintains relationships with numerous professionals from whom we receive and to whom we send client referrals. VERITY neither pays nor receives any compensation for these referrals and, accordingly, considers only the merit of the service provider when making referral recommendations and we make it clear to our colleagues that we expect them to use the same criteria in determining whether to refer potential clients to us.

Item 15 - Custody

The assets under VERITY's management are held at Charles Schwab & Co. a FINRA-registered broker-dealer. Clients provide Schwab, as custodian, with authorization to accept directions from VERITY in connection with:

- 1) the purchase and sale of securities;
- 2) the withdrawal of management fees;
- 3) the limited movement of assets on the client's behalf to like-titled accounts.

These transactions, as well as any other changes to a client's portfolio, are automatically reflected in the records of the custodian and VERITY has no ability to alter these records. In the case of trades, confirmation of all trades is sent directly to the clients. Schwab then sends periodic (monthly or quarterly depending on account activity) reports showing the assets held in the account and the history of any transactions that occurred. We recommend that clients take particular care to review these custodial reports and confirmations and to immediately bring any questions or issues surrounding them to our attention or to the attention of Schwab, as custodian.

VERITY does not act as trustee for any client funds. VERITY is deemed to have constructive custody of the assets of VAP, as a result of its roles as general partner and investment manager thereof.

Item 16 - Investment Discretion

Clients provide Schwab with authorization to act on the investment instructions of VERITY within managed accounts. Our authority to direct client assets may be altered by specific arrangement with the client. Limitations on discretionary

authority may be detailed in an investment policy statement executed between the two parties. Discretionary authority allows us to choose:

- the types of securities held
- the timing of transactions
- the broker to be used for executions and the applicable commission rates (although substantially all trades are executed by Charles Schwab and Co., Inc., as previously disclosed.)

There may be circumstances where VERITY determines that it may be in the best interest to maintain certain positions which we might not otherwise recommend (e.g. stock positions that have a low cost basis and therefore a high tax cost to selling).

Item 17 - Voting Client Securities

VERITY maintains and adheres to a very strict proxy voting policy. Within the engagement agreement, during the account opening process and within any applicable IPSs, VERITY specifically informs clients that it does not vote proxies for shares of funds or securities held in client accounts. VERITY specifically directs Schwab to direct proxy materials to the client or a designee thereof. A copy of VERITY's Proxy Voting Policy is available upon request.

Item 18 - Financial Information

VERITY, its affiliates, and its supervised persons have never filed bankruptcy. VERITY is not aware of any financial condition that is expected to affect its ability to meet contractual commitments to clients.