

Part 2A of Form ADV: Firm Brochure
Item 1: Cover Page
MARCH 2018



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Firm Contact:
Matt Shibata
Chief Compliance Officer

This brochure provides information about the qualifications and business practices of Morling Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact Matt Shibata, Chief Compliance Officer, at (415) 956-9500 or by email at matt@morlingadvisors.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 Morling Financial Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov by searching our firm's CRD #:111819.

Please note that the use of the term "registered investment adviser" and description of Morling Financial Advisors, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure

Morling Financial Advisors, LLC is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update. At this time, we have no material changes to report.

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Item 4: Advisory Business

Morling Financial Advisors, LLC is dedicated to providing clients with a wide array of investment advisory services. We specialize in the following types of services: asset management, financial planning and consulting. Our firm is a limited liability company formed in the State of California. We have been in business as an investment adviser since 1999 and is owned by Mr. Huong, Mr. Ling and Mr. Shibata.

Description of the Types of Advisory Services We Offer

Portfolio Management for Individuals and/or Small Businesses (Asset Management):

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be determined by the client’s particular investment goal, which we determine to be suitable to the client’s circumstances. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client’s prior investment history, as well as family composition and background. We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client’s stated objectives, as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. 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.

Financial Planning and Consulting:

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client’s current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client’s financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. Implementation of the recommendations will be at the discretion of the client.

Educational Seminars Workshops:

We offer periodic seminars and workshops which provide general information on various financial topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are provided in these seminars and the information provided does not purport to meet the objectives or needs of any individual. These seminars are offered free of charge to our advisory clients and any prospective client.

Pension 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 Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

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

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

Selection of Investment Vehicles:

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (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.

Monitoring of Investment Performance:

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

Employee Communications:

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we also provide quarterly educational support and 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. If plan participants require our services, they can engage us.

Tailoring of Advisory Services

We offer individualized investment advice to clients utilizing our Asset Management services. Additionally, we offer general investment advice to clients utilizing our Financial Planning and Consulting services. Clients are allowed to impose reasonable restrictions on investing in certain securities or types of securities.

Participation in Wrap Fee Programs

We do not offer wrap fee programs.

Regulatory Assets Under Management

As of December 31, 2017, we manage \$199,664,480 on a discretionary basis only.

Item 5: Fees & Compensation

How We Are Compensated for Our Advisory Services

Asset Management:

<u>Assets Under Management</u>	<u>Annual Percentage of Assets Charge</u>
\$0 - \$999,999	1.00%
\$1,000,000 - \$1,999,999	0.85%
\$2,000,000 - \$4,999,999	0.80%
\$5,000,000 - \$9,999,999	0.70%
\$10,000,000 or More	0.60%

Our firm's fees are billed on a pro-rata annualized basis quarterly in arrears based on the value of your account on the last day of the previous quarter. Fees will be prorated by the size and timing of any account contributions and/or distributions during the quarter. Fees will generally be automatically deducted from your managed account. In rare cases, we will agree to directly bill clients. As part of this billing process, you understand and acknowledge the following:

- Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- You provide authorization permitting us to be directly paid by these terms;
- We send you an itemization invoice which includes the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee; and
- Our invoice includes a legend that urges the client to compare information provided in their statements with those from the qualified custodian.

Financial Planning and Financial Consulting:

We charge on an hourly or flat fee basis for financial planning and financial consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our fees are \$400 per hour for financial advisors and \$195 per hour for data entry. In hourly cases, we bill as services are rendered. In flat fee cases, up to 50% of the flat fee is invoiced at the beginning of the engagement, followed by a monthly fixed fee for the remainder of the engagement. The initial planning fees can range from \$250 to \$15,000. Monthly fixed fees can be up to \$5,000 per month.

These bills are due and payable within thirty (30) days of receipt. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

Educational Seminars Workshops:

These seminars are offered free of charge to our advisory clients and any prospective client.

Pension Consulting Fees:

We charge an annual fee for Pension Consulting Services which ranges from \$1,000 to \$10,000 depending on the services requested and the size of the plan.

Plan sponsors are invoiced in advance at the beginning of each calendar quarter.

A total minimum fee of \$1,000 is required. This minimum fee may prevent from providing services to very small ERISA plans.

Advisory Fees in General:

Although our firm 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. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm. Lastly, pre-existing advisory clients are subject to the advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum advisory fees may differ among clients.

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.

Other Fees:

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. Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Advisory Fees Due Quarterly in Arrears:

We charge our advisory fees quarterly in arrears. In the event that you wish to terminate our services, we will charge the earned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata charge of earned advisory fees.

Commissionable Securities Sales:

We do not sell securities for a commission in our advisory accounts.

Item 6: Performance-Based Fees & Side-By-Side Management

We do not accept performance-based fees.

Item 7: Types of Clients & Account Requirements

We currently service Individuals and high net worth individuals, small business, pension plans and participants.

We do not require a minimum account balance throughout the course of the client's relationship with our firm. We generally charge a minimum fee of \$250 for written financial plans.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

Methods of Analysis:

We collect information from many sources to understand macroeconomic and market conditions, financial and tax planning issues, and information regarding specific investment managers, strategies, and vehicles. Information is analyzed through the lens of fundamental factors, technical factors, behavioral economics, statistical analysis, and/or objective and subjective criteria.

Investment Strategies:

Our investment recommendations and strategies are driven by client needs. We attempt to understand each client's unique financial goals and constraints (including tolerance for investment risks), in order to develop each client's investment policy and strategic asset allocation. The strategic asset allocation provides allocation targets for the major asset classes, such as public equities and fixed-income, private equity and debt, real estate equity and debt, as well as other alternative asset classes.

We primarily use the following to gain exposure to various asset classes: open-end mutual funds, exchange-traded funds (ETFs), exchange-traded closed-end funds, closed-end interval funds, government securities, limited partnerships, offshore corporations, pooled or collective investment vehicles, and/or private placements. We do not typically engage in individual stock picking, options strategies, or insurance products such as annuities, but may do so upon request and/or to meet specific client objectives.

We believe in investing for the long-term, but opportunities, risks, and tax considerations may call for short-term purchases or trading. Long-term purchases are investments held at least a year, short-term purchases are investments sold within a year, and trading refers to investments sold within 30 days.

Risk of Loss:

All investing involves a risk of loss. Past performance is not indicative of future results. Current and prospective clients should never assume that the future performance of any specific investment or investment strategy will be profitable. Clients and prospective clients should be prepared to bear investment loss, including the loss of the original principal. It is important that you understand the inherent risks of investing and that we cannot imply, represent, or guarantee that our recommendations or strategies will not suffer losses.

Private Placements:

We may recommend privately placed collective investment vehicles (some of which may be referred to as "hedge funds," "private equity," "private debt," "private real estate," "fund of funds," and other names) for certain clients. The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The funds may trade on margin, borrowed capital, or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are substantial risks incidental to the ownership of such investments and any investment is speculative and involves a high degree of risk of loss by the client of their entire investment. Investments in such are only for investors who qualify as accredited investors or qualified purchasers, as those terms are defined in the Securities Act. Investors in such must be able to bear the economic risk of losing their entire investment and understand that such an investment cannot readily be sold and is not suitable for an investor unless the investor has available other personal liquid assets to assure that their investment will not cause any undue financial difficulties or affect the investor's ability to provide for current needs and possible personal financial contingencies. Clients should consult their attorney concerning such an investment and consult with independent tax counsel regarding the tax considerations of investing. No public market exists or is anticipated to exist for such investments. Therefore, each prospective investor must consider its investment to be illiquid. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Description of Material, Significant, or Unusual Risks:

- **Market Risk:** The prices of individual investments or the entire stock market, bond market, real estate market, and other markets have and can decline in value. Future declines may be greater than past declines.
- **Manager Risk:** Whether investing in a passively-managed index strategy or actively-managed strategy, there is a possibility that the manager misrepresents itself and/or will not perform as expected and a loss of value is possible.
- **Fund Risk:** Open-end, closed-end, and exchange-traded fund objectives and holdings vary widely. Owning investments with other shareholders exposes you to investment risks that you may not be otherwise exposed to, including but not limited to forced selling and/or taxable events. Funds also incur expenses, fees, and transaction costs which you may not incur if investments were held directly.
- **Illiquidity:** If you want to sell an investment that you own, you may not be able to sell it. There may not be a secondary market or it may not function properly during times of market stress.

Investing involves the risk of loss and there are many more risks than listed above. Clients should be prepared to bear such loss.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to our asset management service, as applicable.

Item 9: Disciplinary Information

We have determined that our firm and management have no disciplinary events to disclose.

Item 10: Other Financial Industry Activities & Affiliations

Our firm or our management persons have a material relationship with the following related person(s) as follows:

1. Insurance Agent

Mr. Wa Huong, is an independent licensed insurance agent. As such, he may offer insurance products and receive normal and customary commissions as a result of insurance transactions. He spends about 5% of their time on these activities. A potential conflict of interest may exist between the interests of Mr. Huong and those of the advisory clients as the purchase of insurance products results in additional compensation for Mr. Huong. Clients are under no obligation to act upon any recommendations of Mr. Huong or effect any transactions through Mr. Huong if they decide to follow the recommendations.

2. Morling & Company

Mr. Peter Ling's primary business is through his concurrent employment as an executive officer of the business and tax consulting firm of Morling & Company. He spends about 40% of his time on these activities. A conflict of interest may exist as our firm may recommend Morling & Company to advisory clients whom seek business and tax services, thus resulting in compensation being paid to Mr. Ling. Clients are under no obligation to act upon our recommendations.

3. Magnolia Tree Investments Inc.

Mr. Wa Huong is a managing member of Magnolia Tree Investments Inc, a real estate investment and advisory company not affiliated with Morling Financial Advisors. He spends about 10% of his time on these activities.

Magnolia Tree Investments Inc. both owns real estate and organizes and manages investment entities to buy real estate. We do not provide services or receive any fee from these entities. Some of our clients may also be investors in these limited partnerships, however we do not actively recommend investment in, or solicit our clients to become investors in Magnolia Tree Inc. partnerships, and no client is obligated to invest in these partnerships. However, a conflict of interest may exist as our firm could recommend Magnolia Tree Investment Inc. services and related funds to advisory clients who seek real estate investment opportunities, thus benefiting Mr. Huong.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures with respect to transactions effected by our members, officers and employees for their personal accounts¹. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

The firm or individuals associated with the firm may buy or sell for their personal accounts investment products identical to those recommended to Clients. It is our expressed policy that no person with access to client account data may enter an order to purchase or sell any security on the same day as an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. It should be noted that a number of exemptions to this blackout policy exist and can be found in our Code of Ethics which is available upon request. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Our firm has voluntarily subscribed to the "Best Practices for Financial Advisors" published by The Institute for the Fiduciary Standard. The Best Practices offer a simple code of conduct and outline a commitment to clients of subscribing financial advisors. They seek to clearly articulate what a client can expect to receive from a subscribing financial advisor. These Best Practices do not replace our regulatory compliance obligations or duties to clients under relevant laws, rules, or regulations. The Institute for the Fiduciary Standard's role is limited to publishing the Best Practices as well as maintaining a corresponding register of subscribing financial advisors. You can find a complete list of the Best Practices on our website or at <http://www.thefiduciaryinstitute.org/wp-content/uploads/2016/09/BestPracticesSpecificRequirementsSeptember132016.pdf> and verify our subscription status at www.thefiduciaryinstitute.org.

¹ For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

Item 12: Brokerage Practices

Selecting a Brokerage Firm:

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab") and participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. Schwab and TD Ameritrade offer services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions.

Schwab and TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Schwab and TD Ameritrade enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The commission and transaction fees charged by Schwab and TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to Schwab and TD Ameritrade 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, although we 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.

Soft Dollars:

Our firm does not accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution.

Schwab and TD Ameritrade may make certain research and brokerage services available at no additional cost to our firm all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Schwab and TD Ameritrade may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab and TD Ameritrade to our firm in the performance of our investment decision-making responsibilities.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services, we may have an incentive to continue to use or expand the use of Schwab and TD Ameritrade services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Schwab and TD Ameritrade and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Directed Brokerage:

MFA and its related persons do not consider, in selecting or recommending broker-dealers, whether we receive client referrals from a broker-dealer or third party.

We allow clients to direct brokerage. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

Special Considerations for ERISA Clients:

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

Aggregation of Purchase or Sale:

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13: Review of Accounts or Financial Plans

Our investment adviser representatives review accounts on at least a quarterly basis for our Asset Management clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

We provide performance reports to clients on at least a quarterly basis. On at least an annual basis, we initiate contact with clients to have an account review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Financial planning clients do not receive reviews of their written plans on a semi-annual basis.

Item 14: Client Referrals & Other Compensation

We receive an economic benefit from our Custodians in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab and TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 –Brokerage Practices*). The availability to us of our custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Referral Fees:

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with State rules and regulations.

However, we may pay referral fees to investment advisory representatives of our firm for introducing clients to us. As a matter of firm practice, the advisory fees paid to us by clients referred to us by our investment advisory representatives are not increased as a result of any referral.

Events:

We may host and/or co-host events that are sponsored by third-parties. The third-parties may include investment sponsors, managers, custodians, vendors, or other parties that we have relationships with.

Item 15: Custody

As noted in Item 5 above, our firm has the ability to debit our advisory fees directly from client accounts. We do not have actual or constructive custody of client assets in any other manner than described above. The Securities and Exchange Commission generally takes the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian is deemed to have custody of client funds and securities. As such, we have adopted the following safeguarding procedures:

1. Our clients must provide us with written authorization permitting direct payment to us of our advisory fees from their account(s) maintained by a custodian who is independent of our firm;
2. We send a statement to our clients showing the amount of our fee, the value of your assets upon which our fee was based, and the specific manner in which our fee was calculated;
3. We must disclose to you that it is your responsibility to verify the accuracy of our fee calculation, and that the custodian will not determine whether the fee is properly calculated; and
4. Your account custodian must agree to send you a statement, at least quarterly, showing all disbursements from your account, including advisory fees.
5. Due Inquiry in which we ensure on a regular basis that the custodian does indeed send such quarterly statements.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

Item 16: Investment Discretion

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

Item 17: Voting Client Securities

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

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. Therefore, our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

Item 18: Financial Information

We do not require the prepayment of more than \$1,200 in fees six or more months in advance.

We do not take custody of client funds or securities.

We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.