

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

Kornerstone, Inc.
dba



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**Firm Contact:
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Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Kornerstone, Inc. also doing business as Kornerstone Inc. If you have any questions about the contents of this brochure, please contact us by telephone at (855) 343-4015. 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 Kornerstone Inc. also is available on the SEC's website at www.adviserinfo.sec.gov by searching CRD# 170687.

Please note that the use of the term "registered investment adviser" and description of Kornerstone Inc. 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 our employees.

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

Kornerstone Inc. is required to advise you of any material changes to the Firm Brochure ("Brochure") from our last annual update.

Since the last annual amendment filed on 03/30/2017, the following changes have been made:

- Upon the expected implementation of the Department of Labor's Fiduciary Rule, the "Compliance with the DOL Fiduciary Rule" section of our Code of Ethics disclosed herein will be effective. This addition includes, among other things, important procedures defining Kornerstone Inc. as a level-fee fiduciary and our compliance with the Impartial Conduct Standard.
- Eric Blofsky is the sole owner of Kornerstone.
- Our firm has added Asset Management services. Refer to items 4, 5, 7, & 13 for further information.
- Our firm has switched from state to SEC registration.
- Representatives of our firm are no longer registered with Cetera.

Item 3: Table of Contents

Item 1: Cover Page	1
Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure	2
Item 3: Table of Contents	3
Item 4: Advisory Business.....	4
Item 5: Fees & Compensation.....	6
Item 6: Performance-Based Fees & Side-By-Side Management.....	7
Item 7: Types of Clients & Account Requirements	7
Item 8: Methods of Analysis, Investment Strategies & Risk of Loss	7
Item 9: Disciplinary Information.....	8
Item 10: Other Financial Industry Activities & Affiliations.....	8
Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading.....	8
Item 12: Brokerage Practices	9
Item 13: Review of Accounts or Financial Plans.....	11
Item 14: Client Referrals & Other Compensation.....	12
Item 15: Custody.....	13
Item 16: Investment Discretion.....	13
Item 17: Voting Client Securities.....	13
Item 18: Financial Information.....	13

Item 4: Advisory Business

We specialize in the following types of services Retirement Plan Sponsors and their Participants in California and other states (each referred to as a “Client”) Kornerstone provides Retirement Plan Advisory and Consulting Services (“Plan Services”) to the sponsors of each plan (herein the “Plan Sponsor” and “Plan”, respectively).

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed in the State of California. Kornerstone was founded in January 2014 and owned by Eric T. Blofsky.

Description of the Types of Advisory Services We Offer

Pension/Retirement Plan Consulting Services:

Kornerstone provides the following Plan Services:

- Plan Fiduciary Services
- Communication and Education

The Advisor’s services typically include:

- Establishing an Investment Policy Statement – Kornerstone, in connection with the Plan Sponsor, may develop a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Universe - Kornerstone will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Kornerstone will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring - Kornerstone will monitor the performance of the investment universe.

Asset Management:

As part of our Asset Management service, a portfolio is created, consisting of individual stocks, bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client’s individual needs, stated goals and objectives.

Plan Fiduciary Services:

Kornerstone serves as either a 3(21) or 3(38) Fiduciary in support of the Plan Sponsor, depending on the terms of the agreement with the Plan. Kornerstone provides the following Plan Fiduciary Services pursuant to the terms of the Advisor’s agreement with each Plan Sponsor:

- Vendor Analysis
- Employee Enrollment and Education Tracking
- Investment Policy Statement
- Investment Monitoring
- Investment Discretion (3(38) engagements only)

- Performance Reports
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance
- Benchmarking Services

Communication & Education:

Kornerstone provides Communication and Education to the Plan and its Participants, pursuant to the terms of the Advisor's agreement with each Plan Sponsor:

- Direct employee contact by phone, e-mail or letter upon eligibility to promote enrollment
- Investment education
- Comprehensive financial planning
- Regular on-site advisor visits with staff for account updates and reviews
- Periodic company-wide employee survey of retirement plan understanding
- Customer satisfaction surveys
- Periodic employee group education opportunities

When providing advice to Clients, there is a potential conflict of interest between a Client and Kornerstone, whereby Kornerstone may recommend its services or products in which Kornerstone or its advisory persons may receive additional compensation. Kornerstone will always provide full disclosure of all fees earned. The Client is under no obligation to follow the recommendations of the Advisor or implement such recommendations through the Advisor or its advisory persons.

Tailoring of Advisory Services

We offer individualized investment advice to clients utilizing our Investment Advisory Services. Additionally, we offer general investment advice to clients utilizing our Communication and Education service. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities mutual funds, share classes, limiting certain asset classes and other restrictions however some types of restrictions may not be possible due to the level of difficulty this would entail in managing the account.

Participation in Wrap Fee Programs

Our firm offers a wrap fee program as further described in Part 2A, Appendix 1 (the "Wrap Brochure"). Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

Regulatory Assets Under Management

As of January 2018, we manage \$170,068,163 on a discretionary basis.

Item 5: Fees & Compensation

Compensation for Our Advisory Services

Pension/Retirement Plan Consulting:

Fees for Pension/Retirement Plan Consulting Services can involve an annual asset-based fee, an annual flat/fixed fee, or a combination. Fees may be negotiable depending on the nature and complexity of each Client's circumstances. Asset-based fees are charged at an annual rate of up to 1.50% of plan assets. An estimate for total costs will be provided prior to establishing the advisory relationship. Our firm's annualized fees are billed on a pro-rata basis quarterly in arrears based on the calculation uniquely performed by the account custodian. Methods may include our percentage applied to the value of your account on the last day of the previous month or quarter, a time-weighted daily average of the previous month or quarter or annually on plan assets.

The Advisor may also offer these services on a fixed project fee, with a minimum annual fee of \$5,000. 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.

Asset Management:

The maximum annual fee charged for this service will not exceed 0.85%. Clients with assets fewer than \$100,00 will be charged 0.50%. Fees to be assessed will be outlined in the advisory agreement to be signed by the client. Annualized fees are billed on a pro-rata basis quarterly in arrears based on the value of the account(s) on the time-weighted daily average of the quarter. Fees are negotiable and will be deducted from client account(s). Adjustments will be made for deposits and withdrawals during the quarter. In rare cases, our firm will agree to directly invoice. Each client's fees are determined by asset size and complexity of the account. Average client fees are typically lower than the maximum fee quoted above. Fees will be automatically deducted from your managed account. As part of this process, you understand and acknowledge the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

Other Types of Fees & Expenses

The Adviser's fee is exclusive of, and in addition to brokerage fees, transaction fees, recordkeeping fees and other related costs and expenses, which may be incurred by the Client. However, the Adviser shall not receive any portion of these commissions, fees, and costs. In addition, all fees paid to Kornerstone for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee.

Termination & Refunds

We receive our advisory fees quarterly in arrears. In the event that you wish to terminate our services, you need to contact us in writing and state that you wish to terminate our services. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

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

Kornerstone offers investment advisory services to defined contribution plans, defined benefit plans and their corporate plan sponsors. Individuals (plan participants) may separately engage advisory persons from Kornerstone in their capacity as investment adviser representatives.

Our firm requires a minimum account balance of \$2,000 for our Wrap Asset Management service.

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

Methods of Analysis

Kornerstone primarily employs fundamental analysis methods in developing investment strategies for its Clients. Research and analysis from Kornerstone is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

Investment Strategies We Use

We use Mutual Funds in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Kornerstone will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Adviser.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities & Affiliations

Representative of Kornerstone are also licensed insurance professionals. The implementation of insurance recommendations is performed by the advisory person in their separate capacity from the Adviser. Commissions generated by insurance sales do not offset regular advisory fees. The receipt of insurance commissions presents a conflict of interest between the Client and the Adviser (and its Advisory Persons) as the sale or implementation of insurance recommendations will result in commissions payable to the applicable Advisory Person. Clients are under no obligation to implement any recommendations made by the Adviser or its advisory persons.

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

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. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives 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 with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives 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. 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.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. 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.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. 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. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day unless included in a block trade.

Compliance with Department of Labor Fiduciary Rule

Our firm provides investment advice to assets affected by the Department of Labor ("DOL") Fiduciary Rule for a level fee. As such, we abide by the Impartial Conduct Standards as defined by the DOL. To comply with these standards, our firm and our advisors give advice that is in our clients' best interest, charge no more than reasonable compensation (within the meaning of ERISA Section 408(b)(2) and Internal Revenue Code Section 4975(d)(2), and make no misleading statements about investment transactions, compensation, conflicts of interest, and any other matters related to investment decisions.

As a level-fee fiduciary, we maintain a non-variable compensation structure that is provided on the basis of a fixed percentage of the value of assets or a set fee that does not vary with the particular investment recommended, as opposed to a commission or other transaction based fee.

Item 12: Brokerage Practices

Kornerstone does not have discretionary authority to select the broker-dealer, custodian or other providers for Clients utilizing our Pension/Retirement Plan Consulting Services.

Selecting a Brokerage Firm

Our firm does not maintain custody of client assets. For our Wrap Asset Management clients, assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- 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
- Quality of services

With this in consideration, our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers services to independent investment advisers which includes custody of securities, trade execution, clearance and settlement of transactions. TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction

charges. TD Ameritrade does not charge client accounts separately for custodial services. Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client's custodial account. Transaction fees are negotiated with TD Ameritrade and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise.

TD Ameritrade may make certain research and brokerage services available at no additional cost to our firm. Research products and services provided by 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 TD Ameritrade to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

TD Ameritrade does not make client brokerage commissions generated by client transactions available for our firm's use. The aforementioned research and brokerage services are used by our firm to manage accounts for which our firm has investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend TD Ameritrade and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

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. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Please see our Wrap Brochure for information on the selection of a broker-dealer for clients utilizing our Wrap Asset Management services.

Soft Dollars

Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients but not necessarily all at any one particular time.

Client Brokerage Commissions

TD Ameritrade does not make client brokerage commissions generated by client transactions available for our firm's use.

Client Transactions in Return for Soft Dollars

Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

Brokerage for Client Referrals

Our firm does not receive brokerage for client referrals.

Directed Brokerage

Neither our firm nor any of our firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our firm routinely recommends that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of TD Ameritrade. Each client will be required to establish their account(s) with TD Ameritrade if not already done. Please note that not all advisers have this requirement.

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 transactions provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

Aggregation of Purchase or Sale

Our firm provides 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 our firm believes 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, our firm attempts 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

Investment recommendations are monitored periodically by our owner Mr. Blofsky. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client. The terms of the Adviser's agreement with the Plan Sponsor will define the timing of such reviews. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients.

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.

The Plan Sponsor and Participants will receive statements no less than quarterly from the record-keeper. The Adviser does not prepare these statements. The Adviser may provide the Plan Sponsor with periodic reports as defined in the scope of the advisory agreement.

Item 14: Client Referrals & Other Compensation

TD Ameritrade

Our firm may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice given to clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

Referrals 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 relevant state statutes and rules. Kornerstone is a fee-based advisory firm that is compensated by the Client for its services. Kornerstone, as an RIA, does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. Kornerstone may refer Clients to various third parties to provide certain financial services necessary to meet the goals of its Clients. Likewise, Kornerstone may receive referrals of new Clients from a third-party.

Item 15: Custody

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, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. 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.

Kornerstone does not accept or maintain custody of any Client accounts utilizing our Pension/Retirement Plan Consulting Services. All Clients must place their assets with a qualified custodian or record-keeper as directed by the Plan Sponsor.

Item 16: Investment Discretion

For certain engagements, the Adviser may be considered a fiduciary or an investment manager as defined in ERISA Section 3(38). The Adviser will have the discretion to select the investments to be included in the Plan. The Adviser does not trade in Participant accounts. Client must execute an advisory agreement with us in order to authorize us to manage assets on a discretionary basis.

Item 17: Voting Client Securities

We do not accept proxy authority to vote on client securities.

Item 18: Financial Information

We have never been the subject of a bankruptcy proceeding. We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and 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.