

## Item 1: Cover Page

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# **Bluestone® Financial Advisors, LLC**

## **Form ADV Part 2A**

### **Investment Adviser Brochure**

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March 2024

This Brochure provides information about the qualifications and business practices of Bluestone Financial Advisors, LLC (“we,” “us,” “our”). If you have any questions about the contents of this Brochure, please contact Andrew S. Cosgrove, Principal and Chief Compliance Officer, at (301) 841-0203 or [acosgrove@bfa-llc.com](mailto:acosgrove@bfa-llc.com).

Additional information about our Firm is also available on the SEC’s website at <https://adviserinfo.sec.gov>. 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.

We are a registered investment adviser. Please note that use of the term “registered investment advisor” and a description of the Firm and/or our employees as “registered” does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## Item 2: Material Changes

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### **Annual Update**

In this Item of Bluestone Financial Advisors, LLC's (Bluestone® or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment.

### **Material Changes since the Last Update**

Since our Annual Amendment filing on March 30, 2023, the Firm has the following material changes to report:

- This Form was updated to reflect changes in our brokerage practices relating to the acquisition of the qualified custodian, TD Ameritrade, by Charles Schwab & Co., Inc. Please see Item 12 (Brokerage Practices).
- This Form was updated to clarify that we do not vote proxies on behalf of clients. Please see Item 17 (Voting Client Securities).

### **Full Brochure Available**

Bluestone Financial Advisors, LLC's Form ADV may be requested at any time, without charge by contacting Andrew S. Cosgrove, Principal and Chief Compliance Officer at (301) 841-0203 or [acosgrove@bfa-llc.com](mailto:acosgrove@bfa-llc.com).

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## Item 4: Advisory Business

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Bluestone® Financial Advisors, LLC (“Bluestone®, us, we, and ours”) is an investment advisor formed as a Limited Liability Company under the laws of the State of Maryland. Bluestone has been registered as an investment advisor since June 2008. Bluestone was formed for the purpose of providing investment and non-investment advisory services to entrepreneurs.

Bluestone is owned by Andrew S. Cosgrove.

We serve as personal CFO to entrepreneurs. Similar to a business CFO, our personal CFO work focuses on four key areas:

- Supporting the entrepreneur’s long-term financial strategy;
- Capital allocation;
- Risk management; and
- Reporting and financial organization.

Advisory services include financial planning, consulting, and may include investment management. Advisory services are unique to each entrepreneur but generally include some combination of review, analysis, recommendations, and planning. Client deliverables capture information about each client’s circumstances, communicate recommendations, and facilitate planning and goal setting.

Financial planning and consulting services do not involve the active management of client investment accounts, but instead are typically more comprehensive so as to focus on a client’s overall financial situation. Non-investment related advisory services are offered for cash management, business assets, real estate, personal insurance, estate and business succession planning, and health management. Our primary focus is on ensuring that planning and actions for each of these asset types is appropriate in the context of the other asset types that make up the client’s net worth.

Services are offered on a fixed fee basis. This compensation model has been carefully chosen and is a very important part of the Bluestone’s approach. From the client’s perspective, we think it is the preferred approach for mitigation of conflicts of interest when delivering advisory services across a broad range of asset types.

### **Description of Advisory Services**

Personal CFO services are offered in two different ways:

(1) Project (“Financing Planning & Consulting”):

- Includes planning services but does not include investment management
- Services are provided over a short time period (typically 90-120 days)
- Client pays a one-time fixed fee

(2) Retainer (“Financial Advisory”):

- Includes planning services and may include investment management
- Services continue for as long as the client elects (typically multi-year service period)
- Client pays a fixed fee each month

We generally recommend that you engage us for the Project service prior to engaging us for the Retainer service. This allows you to evaluate us, and vice versa, over a relatively short period of time prior to entering into the Retainer service. While there is no time commitment required of you in engaging us under the Retainer service and you are free to terminate at any time, it is generally anticipated that services will be provided under the Retainer service over a time period that is substantially longer than for the Project service.

**Additional Information Regarding Advisory Services**

As part of our review of each asset type, we may make recommendations for resources and services provided by independent third parties, if, in our opinion, such resources may assist the entrepreneur in achieving their stated objectives. Resources may include accountants, attorneys, real estate professionals, consultants, private health advisory firms, etc. Under no circumstances do we receive compensation from any independent third-party resource or service.

In performing advisory services, we are not required to verify any information received from you or from your other professionals (e.g., attorney, accountant, etc.) and we are expressly authorized to rely on such information. We may recommend that you use us and/or other professionals to implement recommendations provided by us. A conflict of interest exists whenever we recommend our own services. You are under no obligation to act upon any of the recommendations made by us or to engage the services of any recommended professional, including the services offered by us. You retain absolute discretion over all implementation decisions, and you are free to accept or reject any of our recommendations. Moreover, you are advised that it remains your responsibility to promptly notify us if there is ever any change in your financial situation or investment objectives.

**Investment Management Services for Securities Portfolios**

For clients electing the Retainer Service we may provide investment management services on a discretionary, non-discretionary, and advised basis. Each investment account is scheduled as a discretionary, non-discretionary, or advised account in your executed agreement with us.

We perform research and due diligence consistent with our investment philosophy in order to identify suitable investments for your account. We seek to identify mutual funds, separate accounts, hedge funds and/or similar private investment vehicles with managers whose investment philosophy and process are consistent with our investment philosophy for a given objective. Primary objectives include:

- Reserve Assets – primary focus on liquidity and safety of principal

- Growth Assets – primary focus on growing purchasing power over time (5+ years)
- Aspirational Assets – higher risk assets characterized by potential for strong wealth creation

Managers of the investment products identified and recommended by us will generally employ an investment process with a very strong focus on the valuation of businesses, securities, and other assets. They will tend to employ fundamental research in an attempt to identify assets they consider to be mispriced relative to the underlying “fair value” of the asset. Such managers may also require that certain parameters be met prior to committing capital to new investments, and to the extent these parameters are not met there may be extended periods of time in which the recommended managers will hold substantially more cash in their portfolios, relative to other managers.

### **Discretionary Investment Management Services**

For any assets or accounts that are designated to be managed via the use of discretionary trading authority you authorize us to make changes in your account without your further approval. When providing discretionary investment management services, we primarily allocate your investment management assets among mutual funds in accordance with your investment objectives.

### **Non-Discretionary Investment Management Services**

We may render non-discretionary investment management services to you for any accounts or assets you so designate. For any assets or accounts that are designated to be managed via the use of non-discretionary trading authority, we will be required to contact you prior to implementing changes in your account. This means that for these assets and accounts, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

### **Assets Under Advisement Services**

We may provide continuous and ongoing supervision for certain of your **non-managed assets** which will be identified and referred to as Assets Under Advisement in your executed agreement.

For Assets Under Advisement, we will provide active monitoring and supervision and will provide you advice regarding buying, selling, reinvesting or holding securities, cash or other investments **but will not have trading authority**. You will have the sole responsibility for implementing any recommended transactions.

Similar to our discretionary and non-discretionary investment management services, for Assets Under Advisement we will obtain information from you to determine your financial situation, investment objectives and risk tolerance. Assets Under Advisement are commonly assets or

accounts for which we are not formally indicated on the custodial statement as the investment adviser of record on the account. You will receive an account statement from the qualified custodian of the Assets Under Advisement detailing transactions in the Account. You will be responsible for promptly notifying us of any changes to your financial situation or investment objectives.

Assets Under Advisement Services are typically offered for (1) private (non-registered) investment funds, and/or (2) separately managed accounts, and/or (3) variable life/annuity products that you may own, and/or (4) your employer-sponsored retirement plans. Private (non-registered) investment fund assets are held at the custodian(s) designated by the manager of the fund. Separately managed account assets are held at the custodian(s) designated by the manager of the separate account. Variable life/annuity assets are maintained at the specific insurance company that issued the variable life/annuity product which is owned by you. Your employer-sponsored retirement plan assets are held at the custodian designated by the sponsor of your retirement plan.

### **Fiduciary Statement**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act, ("ERISA") and/or the Internal Revenue Code, ("IRC"), as applicable, which are laws governing retirement accounts.

We have to act in your best interest and not put our interest ahead of yours. We must take into consideration each client's objectives and act in the best interests of the client. We are prohibited from engaging in any activity that is in conflict with the interests of the client. We have the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances, and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have a reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

Regulations prohibit us from:

- Employing any device, scheme, or artifice to defraud a client;
- Making any untrue statement of a material fact to a client or omitting to state a material fact when communicating with a client;

- Engaging in any act, practice, or course of business which operates or would operate as fraud or deceit upon a client; or
- Engaging in any manipulative act or practice with a client.

We will act with competence, dignity, integrity, and in an ethical manner, when working with clients. We will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

#### **Wrap Fee Programs**

We do not participate in any wrap fee programs.

#### **Other Information about Investment Management Services**

We primarily construct each client's portfolio using mutual funds, separate accounts, hedge funds and/or similar private investment vehicles. We may modify our investment approach to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. Account construction is generally customized to meet the individual needs of each client. We may agree to allow you to impose restrictions on the accounts managed on your behalf.

You may make additions to and withdrawals from your account at any time. You may withdraw account assets on notice to us, subject to the usual and customary securities settlement procedures. However, you should note that we design our portfolios as long-term investments and asset withdrawals may impair the achievement of your investment objectives.

Additions to your account may be in cash or securities provided that we reserve the right to liquidate any transferred securities or decline to provide advisory services to particular securities in your account. We may consult with you about the options and ramifications of transferring securities. However, you are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications. You are advised to promptly notify us if there are ever any changes in your financial situation or investment objectives or if you wish to impose any reasonable restrictions upon our management services.

#### **Client Assets Managed by Bluestone**

The total amount of client assets managed by us as of December 31, 2023, was \$146,446,558; \$132,557,878 was managed on a discretionary basis and \$13,888,680 was managed on a non-discretionary basis.

The total amount of client assets advised by us as of December 31, 2023, was approximately \$119,894,000.



## Item 5: Fees and Compensation

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We base our fees on fixed fees, described below.

### **Project (“Financing Planning & Consulting”)**

Project fees for the Bluestone System are negotiable but generally range from \$5,000 to \$10,000 per business owner or partner on a one-time basis. The actual fee varies depending upon the level of complexity of the client’s financial affairs. The fee is charged in advance at the commencement of each engagement. Your fee will be specified in your agreement. Upon early termination of services, we will be responsible for issuing a refund to you for any unearned pre-paid fees. Earned fees will be based on the number of deliverables provided at the time of termination relative to the total number of deliverables specified in the agreement.

### **Retainer (“Financial Advisory”)**

Retainer fees for the Bluestone System are negotiable but generally range from \$1,000 to \$5,000 per business owner or partner on a monthly fixed fee basis. The actual fee varies depending upon the level of complexity of the client’s financial affairs. The fee is charged in advance at the beginning of each month. If your engagement for services begins during the middle of a month, then your fee for that initial, partial month will be pro-rated and charged in advance along with the full first month’s fee. Your initial payment to cover the initial partial month and first full calendar month’s fee will be due at the time you execute the agreement for services, and thereafter, we will invoice you at the beginning of each month. On or around November 1st each year, Bluestone communicates to all clients the annual percentage fee increase (“Fee Update”) applicable as of agreement anniversary dates occurring in the following calendar year. Upon the twelve-month anniversary of your agreement effective date, and upon completion of each subsequent twelve-month period, your monthly fixed fee shall be adjusted for the Fee Update then in effect.

### **Investment Management Services**

A portion of the fixed fee payable to us under the Retainer service is attributable to investment management services (discretionary, non-discretionary, and assets under advisement). Such fee is separate from and in addition to certain charges imposed by the Financial Institution(s) and other third parties such as custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which will be disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, you may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to our fee. However, we will not receive any portion of these commissions, fees, and costs.

### **Retirement Plan Rollover Recommendations**

As part of our investment advisory services to our clients, we may recommend that clients roll assets from their employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will advise on the client's behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts.

Clients are under no obligation, contractually or otherwise, to complete a rollover recommended by Bluestone. Moreover, if clients do complete the rollover, clients are under no obligation to have the assets in an IRA advised on by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in our clients' best interests and not put our interests ahead of our clients.'

Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of our clients' when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in our clients' best interests;
- charge no more than a reasonable fee for our services; and
- give clients basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of a rollover. Note that an employee will typically have four options in this situation:

1. leaving the funds in the employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide clients with an explanation of the advantages and disadvantages of both account types and document the basis for our belief that the rollover transaction we recommend is in your best interests.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

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“Performance-based fees” are fees based on the capital gains or capital appreciation in an account. We do not charge performance-based fees. “Side-by-side management” refers to the practice of managing both accounts that are charged a performance-based fee and accounts that are charged other types of fees, such as asset-based fees and hourly fees. Because we do not charge performance-based fees, we do not engage in side-by-side management.

## Item 7: Types of Clients

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Our primary clients are entrepreneurs and business owners. Also, we provide investment advice to the following types of clients: high-net worth individuals and corporations or business entities.

### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by us nor are there conditions required for contracting for our personal CFO services. However, all clients are required to execute an agreement for services in order to establish a client arrangement with us.

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

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### Methods of Analysis

We use fundamental analysis in formulating investment advice.

**Fundamental.** A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

### Use of Primary Method of Analysis or Strategy

Our primary method of analysis or strategy is fundamental research to identify investment products with managers whose investment philosophy and process is consistent with our own. There can be no assurances that the investment products recommended by us will meet our investment objectives or those of our clients. There can be no assurances that product managers selected by us will be able to preserve and/or grow capital over the time horizons designated by us or our clients. Please refer to Item 4 for additional information about our investment philosophy and investment process.

### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

**All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. Although we manage assets in a manner consistent with your investment objectives and risk tolerance, there can be no guarantee that our efforts will be successful. You should be prepared to bear the following risk of loss:**

- **Market Risk:** Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk:** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of

the issuer.

- **Company Risk:** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk:** When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk:** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put, and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk:** When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- **Management Risk:** Your investment with our firm varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.
- **Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.
- **Custodial Risk:** This risk is the probability that a party to a transaction will be unable or unwilling to fulfill its contractual obligations either due to technological errors, control failures, malfeasance, or potential regulatory liabilities.

## **Item 9: Disciplinary Information**

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Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

## Item 10: Other Financial Industry Activities and Affiliations

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We are **not** and do **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) pension consultant, (9) real estate broker or dealer, or (10) sponsor or syndicator of limited partnerships.

Andrew S. Cosgrove is the Chief Investment Officer and a member of the Board of Directors of Bluestone Life Insurance Company (BLIC). BLIC provides life insurance to its clients. Compensation from BLIC is separate and distinct from Bluestone.

A conflict of interest may arise to the extent that clients of Bluestone purchase life insurance from BLIC. No client of the Firm will be solicited to purchase life insurance from BLIC. Any Bluestone client who purchases life insurance from BLIC is required to sign a disclosure form stating that the purchase of such life insurance is being made independently, and without recommendation from Bluestone.

### **Other Investment Advisors**

We do not select other investment advisors for our clients.



## **Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading**

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### **Code of Ethics Summary**

We maintain and enforce written policies reasonably designed to prevent the unlawful use of material non-public information by us or any of our supervised persons or affiliates. The Code's key provisions include:

- Statement of General Principles;
- Policy on and reporting of Personal Securities Transactions;
- A prohibition on Insider Trading;
- Restrictions on the acceptance of significant gifts;
- Procedures to detect and deter misconduct and violations; and
- Requirement to maintain confidentiality of client information.

Our employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

You may contact us to request a copy of our Code of Ethics.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

We or our supervised persons may buy or sell for personal accounts investment products identical to those recommended to clients. This creates a potential conflict of interest. It is our express policy that all persons associated in any manner with our firm must place the interests of our clients ahead of their own when implementing personal investments. We and our supervised persons shall not buy or sell securities for personal account(s) where the decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by us are widely held and publicly traded.

Neither our Firm nor our employees recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

It is our policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. We will also not cross trades between client accounts.

## Item 12: Brokerage Practices

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### **Research and Other Soft Dollar Benefits**

We do not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Brokerage – Other Economic Benefits.”

### **Brokerage**

We generally recommend you use the brokerage and clearing services of Charles Schwab (“Schwab”) for investment management accounts. We may only implement our investment management recommendations after you have arranged for and furnished us with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions will include, but are not limited to, Schwab, any other broker-dealer recommended by us, or any broker-dealer directed by you, trust companies, banks etc. (collectively referred to herein as the “Financial Institution(s)").

Factors which we consider in recommending Schwab or any other broker-dealer to you include their respective financial strength, reputation, execution, pricing, research, and service. Schwab enables us to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other broker-dealers. The commissions paid by you will comply with our duty to obtain “best execution.” However, you may pay a commission that is higher than another qualified broker-dealer might charge to affect 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 among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while we will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If you request that we arrange for the execution of securities brokerage transactions for your account, we will direct such transactions through broker-dealers that we reasonably believe will provide best execution. We will periodically and systematically review our policies and procedures regarding recommending broker-dealers to you in light of our duty to obtain best execution.

You may direct us in writing to use a particular broker-dealer to execute some or all transactions for you. In that case, you will negotiate terms and arrangements for the account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by us (as described below). As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less

favorable net prices, on transactions for the account than would otherwise be the case. Subject to our duty of best execution, we may decline your request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist us in our investment decision-making process. We receive a benefit from those broker-dealers when Bluestone does not have to produce or pay for such research, products, or services. Such research generally will be used to service all of our clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

### **Other Economic Benefits**

We may receive from Schwab, without cost to us, computer software and related systems support, which allow us to better monitor client accounts maintained at Schwab. We may receive the software and related support without cost because we render investment management services to clients that maintain assets at Schwab. The software and related systems support may benefit us, but not you directly. In fulfilling our duties to you, we endeavor at all times to put your interests first. You should be aware; however, that our receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence our choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services. We may have an incentive to select or recommend a broker-dealer based upon our interest in receiving the research or other products and services offered by the broker-dealer, rather than on the clients' interest in receiving the most favorable execution. In light of the software and technology provided by Schwab we will periodically and systematically review our policies and procedures regarding obtaining best execution when recommending broker-dealers to our clients.

Additionally, we may receive the following benefits from Schwab as an institutional investment manager: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services participants in the program; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Trade Aggregation**

We may aggregate trades for multiple accounts. Trade aggregation is the act of trading a large block of a security in a single order. Shares of a purchased security are then allocated to the appropriate accounts in the appropriate proportion. The main purposes of order aggregation are (i) for ease of trading and (ii) to obtain a lower transaction cost associated with trading a larger quantity.

Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. If the order is filled at different prices during the day, the prices are averaged for the day so that all participating accounts receive the same price. If an order has not been filled completely so that there are not enough shares to allocate among all the clients equally, shares will be allocated in good faith, based on the following considerations: amount of cash in the account, existing asset allocation and industry exposure, risk profile, and type of security. If a partial execution is attained at the end of the trading day, we will generally allocate shares on a pro rata basis but may fill small orders entirely before applying the pro rata allocation. All clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions.

Our allocation procedure seeks to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.

Accounts for us or our employees will not be included in a block trade with client accounts.

## Item 13: Review of Accounts

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### **Account Reviews and Reviewers**

Under the Retainer service, financial planning and consulting reviews are part of an ongoing process but are conducted on at least a quarterly basis. Similarly, investment management services involve monitoring portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. A significant change in your financial situation and/or investment objectives, as well as any significant economic changes, will also trigger a review. Such reviews are conducted by Andrew S. Cosgrove, Principal and Chief Compliance Officer. All Retainer service clients are encouraged to discuss their needs, goals, and objectives with us and to keep us informed of any changes thereto. We will contact ongoing Retainer service clients at least annually to review our previous services and/or recommendations and to discuss the impact resulting from any changes in financial situation and/or investment objectives.

### **Statements and Reports**

Unless otherwise agreed upon, you are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for your accounts. If we provide you with investment management services, you will also receive a report from us that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance not less than annually.

## Item 14: Client Referrals and Other Compensation

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The only compensation received from advisory services are the fees charged for providing such advisory services as described in Item 5 of this Disclosure Brochure. We receive no other forms of compensation in connection with providing investment or non-investment advisory services.

### **Compensation – Client Referrals**

We have been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources. We do not compensate referring parties for these referrals.

## Item 15: Custody

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Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Given that all client fees are paid directly by the client to us, and we do not have access to or control of client funds or securities, we do not have custody of client assets.

## Item 16: Investment Discretion

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If we provide you with investment management services, and upon receiving written authorization from you, we will maintain trading authorization over your accounts. Upon receiving additional written authorization from you, we may implement trades on a discretionary basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction. However, it is our policy to notify you prior to making significant changes in your accounts even when discretionary trading authority is granted by you.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended;
- The number of shares or units; and
- Whether to buy or sell.

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations, and we may not achieve the optimal trading price.

We may agree to accept reasonable restrictions on the types of investments that may be purchased in an account.



## **Item 17: Voting Client Securities**

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We do not have any authority to and do not vote proxies on behalf of clients, nor do we make any express or implied recommendation with respect to voting proxies. Clients retain the sole responsibility for receiving and voting proxies that they receive directly from either their custodian or transfer agents. Clients may contact us for information about proxy voting.

## **Item 18: Financial Information**

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We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year.

We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

## Form ADV Part 2B – Investment Adviser Brochure Supplement

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# Bluestone® Financial Advisors, LLC

## Form ADV Part 2B

### Investment Adviser Brochure Supplement

7910 Woodmont Avenue, Suite 1350  
Bethesda, MD 20814  
(301) 841-0203  
[acosgrove@bfa-llc.com](mailto:acosgrove@bfa-llc.com)  
[www.bfa-llc.com](http://www.bfa-llc.com)

**Supervisor's Name and Supervised Person:** Andrew S. Cosgrove

March 2024

This Brochure Supplement provides information about the Firm's ("we," "us," "our") employees that supplements our Brochure. You should have received a copy of that Brochure. Please contact Andrew S. Cosgrove, Principal and Chief Compliance Officer at (301) 841-0203 or [acosgrove@bfa-llc.com](mailto:acosgrove@bfa-llc.com) if you did not receive our Brochure or if you have any questions about the contents of this Supplement.

Additional information about our employee(s) referenced above is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each employee.

## Item 2: Educational Background and Business Experience

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### Supervised Person

**Andrew S. Cosgrove**  
CRD# 5348395

Born 1971

### **Business Background:**

Bluestone Financial Advisors, LLC  
Principal and Chief Compliance Officer

2007 to Present

Bluestone Life Insurance Company  
Director and Chief Investment Officer

2015 to Present

Bluestone Financial Corporation  
Director of Investments and Analysis

2007 to 2015

### **Formal Education after High School:**

Arizona State University  
Master of Business Administration in Finance

University of Portland  
Bachelor of Business Administration in Finance

### **Industry Examinations:**

General Securities Representative (Series 7)  
Uniform Securities Agent State Law Examination (Series 63)

### **Professional Designations:**

Chartered Financial Analyst (CFA)

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### **Chartered Financial Analyst (CFA)**

#### **Issued By**

CFA Institute

#### **Prerequisites**

Candidate must meet one of the following requirements prior to enrollment:

Hold a bachelor's or equivalent degree from a college/university;  
Be within 11 months of the graduation month for a bachelor's degree or equivalent program by the date of sitting for the Level I exam; or

Have a combination of 4,000 hours of work experience and/or higher education that was acquired over a minimum of three sequential years by the date of enrolling for the Level I exam;

	Have 4,000 hours of qualified work experience in the investment decision-making process (accrued before, during, or after participation in the CFA Program); and Submit two-to-three professional reference letters.
<b>Education Requirements</b>	Candidate must complete the following: <ul style="list-style-type: none"> <li>• Self-study program (250 hours of study for each of the 3 levels)</li> </ul>
<b>Exam Type</b>	Three in-person, proctored, closed-book, computer-based exams
<b>Continuing Education Requirements</b>	None

### Item 3: Disciplinary Information

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Andrew S. Cosgrove has no legal or disciplinary events to report.

### Item 4: Other Business Activities

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Andrew S. Cosgrove is the Chief Investment Officer and a member of the Board of Directors of Bluestone Life Insurance Company (BLIC). BLIC provides life insurance to its clients. Compensation from BLIC is separate and distinct from Bluestone.

### Item 5: Additional Compensation

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Other than the fees detailed in Bluestone's Form ADV Part 2A Disclosure Brochure, Andrew Cosgrove receives no other compensation related to advisory services provided to clients.

### Item 6: Supervision

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Andrew S. Cosgrove is the Principal and Chief Compliance Officer of Bluestone. He is responsible for developing, overseeing, and enforcing the Firm's compliance programs that have been established to monitor and supervise the activities and services provided by the Firm and its representatives. Andrew S. Cosgrove can be contacted at (301) 841-0203.

## Form ADV Part 2B – Investment Adviser Brochure Supplement

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# Bluestone® Financial Advisors, LLC

## Form ADV Part 2B

### Investment Adviser Brochure Supplement

7910 Woodmont Avenue, Suite 1350  
Bethesda, MD 20814  
(301) 841-0203  
[acosgrove@bfa-llc.com](mailto:acosgrove@bfa-llc.com)  
[www.bfa-llc.com](http://www.bfa-llc.com)

**Supervisor's Name:** Andrew S. Cosgrove

**Supervisor of:**  
Ryan Beckwith

March 2024

This Brochure Supplement provides information about the Firm's ("we," "us," "our") employees that supplements our Brochure. You should have received a copy of that Brochure. Please contact Andrew S. Cosgrove, Principal and Chief Compliance Officer, at (301) 841-0203 or [acosgrove@bfa-llc.com](mailto:acosgrove@bfa-llc.com) if you did not receive our Brochure or if you have any questions about the contents of this Supplement.

Additional information about our employee(s) referenced above is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each employee.

## Item 2: Educational Background and Business Experience

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### **Supervised Person**

***Ryan Beckwith***  
**CRD# 7006127**

Born 1997

### **Business Background:**

Bluestone® Financial Advisors, LLC  
Financial Analyst

2022 to Present

GP Strategies Corporation  
Financial Analyst

2019 to 2022

Waddell & Reed  
Wealth Management Intern

2018 to 2019

### **Formal Education after High School:**

Susquehanna University  
Bachelor of Arts in Finance and Writing

### **Professional Designations:**

N/A

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## Item 3: Disciplinary Information

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Ryan Beckwith has no legal or disciplinary events to report.

## Item 4: Other Business Activities

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Ryan Beckwith has no outside business activities.

## Item 5: Additional Compensation

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Other than the fees detailed in Bluestone's Form ADV Part 2A Disclosure Brochure, Ryan Beckwith receives no other compensation related to advisory services provided to clients.

## Item 6: Supervision

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Andrew S. Cosgrove is the Principal and Chief Compliance Officer of Bluestone. He is responsible for developing, overseeing, and enforcing the Firm's compliance programs that have been established to monitor and supervise the activities and services provided by the Firm and its representatives, including Ryan Beckwith. Andrew S. Cosgrove can be contacted at (301) 841-0203.