

Form ADV Part 2A Brochure

Equity Advisors, Inc.

4601 College Boulevard, Suite 285

Leawood, KS 66211

913-491-3993

March 30, 2011

This Brochure provides information about the qualifications and business practices of Equity Advisors (EAI). If you have any questions about the contents of this Brochure, please contact us at the telephone number above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

EAI is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine to hire or retain an adviser.

Additional information about Equity Advisors is also available via the SEC's web site www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 30, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and will provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

In the past we have been required to offer or deliver information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will deliver to you a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting us at (913) 491-3993.

Additional information about Equity Advisors is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Equity Advisors who are registered as investment adviser representatives of the firm.

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Item 4 – Advisory Business

Equity Advisors (CRD # 111739) (EAI) is registered as an investment adviser with the United States Securities and Exchange Commission. EAI is based in and organized as a corporation under the laws of the State of Kansas and the United States of America. The firm has been in business since 1987 and currently has 3 employees.

EAI's principal office and place of business is located at 4601 College Boulevard, Suite 285, Leawood, Kansas 66211. Regular business hours are from 8:00am to 5:00pm Monday through Friday. The firm can be contacted by phone at (913) 491-3993 and by fax at (913) 491-3996.

Joseph C. Johnson founded the firm and currently serves as President and Chief Compliance Officer.

EAI provides ongoing investment management and other financial consulting services on a non discretionary basis.

The investment management services provided by EAI include reviewing the client's existing investments and other assets, designing an investment policy statement which covers the types of services to be performed, making recommendations for implementation of an investment plan, implementing the plan upon approval by the client, and providing ongoing monitoring. We also provide reporting and conduct face to face meetings with the client to review his/her objectives and answer certain financial services questions the client may have.

Financial consulting and planning services are provided as needed on a case by case basis.

As of December 31, 2010 EAI managed approximately \$48,100,000 all of which was on a non-discretionary basis.

Item 5 – Fees and Compensation

EAI provides the following service fee arrangements.

Investment Management Fees

EAI generally charges for investment management services based on the level of assets under management. Our portfolio management fee is 2.5%, although fees may be negotiable in certain circumstances. The minimum account size for this type of service is generally \$250,000, although this may vary at the discretion of the adviser.

Billings are generally due quarterly in advance and are based on the asset value of the account as of the last business day of the prior quarter. Partial quarters are prorated. Fees are generally deducted from client accounts with the client's authorization, although clients may elect to be invoiced directly.

Management fees do not include incidental and transactional costs that may be imposed by the custodial firm or clearing firm executing the transactions. Additional information about our clearing arrangements may be found in Item 12 in this Brochure. Management fees are also separate from the fees and expenses charged to shareholders of mutual fund shares by the mutual funds, or by the investment adviser managing the portfolios, including short-term trading and/or redemption fees charged by the mutual fund. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. Clients are strongly encouraged to read the fund's prospectus.

The client or EAI may, unless otherwise agreed upon, terminate the advisory contract at any time and a refund, if any, of all unearned fees will be made based on the time and effort expended by EAI. All fees will be refunded if the Agreement is terminated within five (5) business days of its original date.

In addition to the above, the client may be charged a new account setup fee for review of client assets, preparation of a Personal Investment Profile and designing a portfolio using asset allocation. This fee will be a flat fee and range between \$250 and \$2,000. In certain instances, the fee may be negotiable.

Brokerage Services

The advisers of Equity Advisors are also registered representatives and may receive compensation under the normal retail commission structure for stocks, bonds, mutual funds, annuities, and other investments.

Under such an arrangement, the client's funds are invested in commission based products. As compensation for the account management services described in the previous section, EAI may charge an additional annual fee based on a percentage of assets under management. However, in these circumstances, there will generally be no fee charged for two years on assets for which a sales commission was received by the adviser.

Like management services listed above, fees are generally deducted from accounts but clients may elect to be billed directly. The minimum account size for this type of service is \$100,000, although this may vary at the discretion of the adviser.

Also, these management fees are separate from other fees as detailed above, and either party may terminate the advisory contract at any time and a refund of any unearned fees will be made.

"Accommodation Accounts"

In certain circumstances, an "Accommodation Account" may be set up in instances where an account does not meet the minimum amount for any of the above asset management accounts. In these cases, a flat fee of \$500 per year generally applies, although the flat fee may vary at the discretion of the adviser and in some cases may be negotiable.

Financial Planning

EAI provides comprehensive and issue-specific financial planning services that may include supplying analyses and recommendations in the areas of business planning, children's education, retirement planning, and tax planning in addition to investments.

A project fee will be determined at the time of signing the contract. Fees will generally be due in two installments, half when the contract is signed and the balance upon presentation of the written report. Fees range from \$500 to \$5,000 per plan.

The client or EAI may terminate the contract at any time and a refund of all unearned fees will be made based on the time and effort expended through the termination date. All fees will be refunded if the Agreement is terminated within (5) days of its original date. In no

event will prepayment of fees total more than \$1,200 and be paid to EAI six (6) months or more in advance.

Should outside consultants be required in areas of special expertise, their fees or time charges will be in addition to the planner's fee. Such outside consultants shall be separately contracted for by the client.

Other Services

Occasionally EAI may perform services that are not suitable for the above types of fee arrangements. In such cases, a fixed fee or an hourly fee arrangement may be appropriate. The minimum fixed fee will be mutually agreed upon between the adviser and the client; however it typically will not be less than \$500. The hourly fee will also be mutually agreed upon between the adviser and the client, which will range from \$50 per hour to \$250 per hour.

Item 6 – Performance-Based Fees and Side-By-Side Management

EAI does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), and consequently does not simultaneously manage performance based and non performance based accounts.

Item 7 – Types of Clients

EAI provides services to individuals, corporate pension and profit-sharing plans, trusts, estates, charitable organizations and business entities.

The minimum account sizes are noted in Item 5 (Fees and Compensation) of this Brochure. The minimums vary depending on the type of service selected.

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

EAI's general investment strategy is to actively manage investment accounts subject to a client's individual situation. Specifically, the process starts by establishing objectives, performance goals and risk levels, followed by creating short and long term investment

allocation strategies to attempt to achieve the client's objectives within known or expected market conditions.

To implement this strategy, we execute transactions and make specific investment recommendations on a nondiscretionary basis to clients using certain types of investments including, but not limited to, stocks, bonds, no load mutual funds, load mutual funds at net asset value (NAV), sector funds, closed end funds, exchange-traded funds (ETFs), annuities, REITS, direct investments, government securities, certificates of deposit, money markets, municipal bonds, and others.

EAI subscribes to a number of outside research services which is uses when making specific recommendations for client investments. These outside research services include, but are not limited to, Morningstar, Thomson Financial, Value Line, Ibbotson, The Wall Street Journal and Barron's. Asset allocation software may include Thomson Financial Blueprint, Frontier Analytics or other services.

There is no guarantee that the Client's investment objective will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear. These risks include market risk, interest rate risk, currency risk, and political risk, among others.

No investment strategy can assure a profit or avoid a loss.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. EAI is currently not subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

Item 10 – Other Financial Industry Activities and Affiliations

The advisory representatives of EAI are licensed as registered representatives of Royal Alliance Associates, Inc., a FINRA registered securities broker/dealer, and are insurance agents with various insurance companies. In their capacity as registered representatives, they may effect transactions for individuals and entities who may be clients of EAI.

If transactions are effected, the representative will receive the customary commissions paid in connection with the transactions effected. Such commissions will be paid directly to the representative.

The receipt of these commissions of course may give us an incentive to recommend that you make certain purchases based on our interests rather than yours, which is a potential conflict of interest. However, our clients are under no obligation to purchase products recommended by our associated persons or to purchase products through our associated persons. We believe, however, that our recommendations are in the best interests of our clients, and are consistent with our clients' needs.

Our representatives also may receive 12b-1 shareholder servicing fees from mutual funds for servicing accounts of clients whose assets are invested in those mutual funds.

Item 11 – Code of Ethics

Code of Ethics

SEC Rule 204A-1 requires investment advisory firms to adopt and enforce a Code of Ethics with respect to their advisory activities. EAI has adopted a Code of Ethics which sets forth standards for business conduct, compliance with federal securities laws, personal securities reporting, pre-approval of certain transactions, reporting of violations of this Code, and safeguarding of material nonpublic information regarding client transactions. A copy of EAI's Code of Ethics is available upon request.

Trading Conflicts of Interest

EAI employees may hold for their own account some of the same securities purchased by clients such as individual stocks, bonds, mutual funds, ETF's, or limited partnerships. However, any position in any one security would generally be too small to noticeably affect the market.

In order to address potential conflicts of interest, EAI will place clients' interests first at all times. Personal transactions records will be retained, insider trading will be prohibited, and the firm will enforce all applicable rules and regulations.

Item 12 – Brokerage Practices

The Custodian and Brokers We Use

EAI does not maintain custody of client assets. Instead, we require all client assets be maintained in an account at a non affiliated “qualified custodian,” generally a broker-dealer or bank. The qualified custodian we generally use is Pershing, LLC, a registered broker-dealer and an affiliate of the Bank of New York.

In certain instance, we may also use Royal Alliance Associates, Inc. (Royal Alliance), a registered broker-dealer and member of the Financial Services Regulatory Authority (FINRA), and an SEC registered investment adviser, as a broker. Two of our investment advisor representatives are affiliated with Royal Alliance and may recommend securities or insurance products offered by Royal Alliance, and receive normal commissions if products are purchased through them. Thus, a conflict of interest exists between the interests of the associated persons and those of the advisory clients. However, clients are under no obligation to purchase products recommended by these associated persons or to purchase products either through these associated persons or Royal Alliance.

While we recommend that you use our custodian or broker, you will ultimately decide whether to do so and will open your account by entering into an account agreement directly with them. We do not actually open accounts for you, although we can assist you in doing so.

How We Select Custodians and Brokers

In determining to associate with a custodian or broker for our clients, we consider many different factors including quality of service, types of services offered, overall capability, execution quality, competitiveness of transaction costs, availability of investment research, reputation, financial resources, and stability, among other things. In determining the reasonableness of a broker’s compensation, we consider the overall cost to you relative to the benefits you receive, both directly and indirectly, from the broker.

Additionally, under the rules and regulations of FINRA, Royal Alliance has obligations to maintain records and perform other functions regarding certain aspects of our investment advisory activities, which require Royal Alliance to coordinate with, and have the cooperation of the account custodian. In order to fulfill its obligations, Royal Alliance has established a list of custodian and brokerage firms which it has arranged to obtain the required cooperation, and which therefore may be utilized for custody of accounts by representatives of Royal Alliance.

In their capacities as Royal Alliance registered representatives, associated persons of EAI may suggest that clients execute securities transactions through Royal Alliance. If such clients freely choose to execute such transactions through Royal Alliance, associated persons of EAI may receive the normal commissions and/or other compensation for those transactions.

Your Brokerage and Custody Costs

Our clients receive various services directly from our custodian. For our clients' accounts that our custodian maintains, our custodian generally does not charge separately for custody services but instead is compensated by charging commissions or other fees on trades that it executes or trades that are executed by other brokers to and from our accounts. Fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain level of assets at our custodian. We feel this commitment benefits you because the overall rates you pay may be lower than they might be otherwise.

Since our custodian charges you a fee for each trade that we have executed by a different broker-dealer, we have our custodian execute most trades for your account in order to minimize your trading costs.

In certain instances, Royal Alliance will collect, as paying agent for us, the investment advisory fee remitted to EAI by the account custodian, and Royal Alliance will retain a portion as a charge to EAI (not the client) for the functions Royal Alliance is required to carry out by FINRA. This fee will not increase execution or brokerage charges to the client or the fee the client has agreed to pay to us pursuant to the client's advisory agreement. A portion of the fee retained by Royal Alliance may be re-allowed to other registered representatives of Royal Alliance who, as registered representatives of Royal Alliance, are responsible for the supervision of other representatives and assist Royal Alliance with the functions described above.

We have determined that having our custodian execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means seeking the most favorable terms for a transaction based on all relevant factors, including those listed above.

Products and Services Available to Us from Brokers/Custodians

Our primary custodian provides us and our clients with access to its institutional brokerage services like trading, custody, reporting, and related services, many of which are not typically available to retail customers. Our custodian also makes available various support

services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Our custodian's institutional brokerage services which benefit you directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through our custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Our custodian also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both our custodian's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at our custodian. In addition to investment research, our custodian also makes available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

Our custodian also offers other services intended to help us manage and further develop our business. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from our custodian benefits us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that you maintain your account with our custodian based on our interests rather than yours, which is a potential conflict of interest. We believe, however, that our selection of our custodian as custodian and broker is in the best interests of our clients, and is primarily supported by the scope, quality, and price of our custodian's services and not the services that benefit only us.

Item 13 – Review of Accounts

Review of Accounts

Managed accounts are supervised by one or both advisers. In addition to ongoing supervision, accounts are generally reviewed more formally on a quarterly basis. The quarterly review generally includes assessing client goals and objectives, evaluating the employed strategy, monitoring the portfolio, and addressing the need to rebalance. An adviser will periodically, and at least annually, review client's investment policy, risk profile, and discuss the re-balancing of each client's accounts to the extent appropriate.

Additional account reviews may be triggered by a specific client request, by a change in client goals or objectives, by an imbalance in a portfolio asset allocation, or by market or economic conditions.

All investment advisory clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation.

Regular Reports Provided to Clients

Investment management clients are provided with account statements from their custodian on at least a quarterly basis which list account holdings and transactions for the period. Investment management clients may also be provided with written performance reports on a quarterly basis that detail current market value, performance relative to market benchmarks, and overall portfolio allocation.

Item 14 – Client Referrals and Other Compensation

EAI does not compensate third parties for client referrals.

EAI does not receive any economic benefits, sales awards, or other compensation from outside parties in connection with providing advisory services to clients.

Item 15 – Custody

As mentioned above, we do not hold client assets but instead require that they be held by a third party “qualified custodian.” We may, however have limited control in some instances to trade on your behalf, to deduct our advisory fees from your account with your authorization, or to request disbursements to you.

You will receive account statements directly from your custodian at least quarterly, which will be sent to the email or postal mailing address you provided. We urge you to carefully review these custodial statements when you receive them and to compare them to reports you receive from us.

Item 16 – Investment Discretion

EAI does not accept discretionary authority from any client accounts. Each client investment transaction must be authorized by the client. When making recommendations however, EAI observes the written investment policies, limitations and restrictions of the clients for which it advises.

Item 17 – Voting Client Securities

EAI does not vote proxies on behalf of clients.

Item 18 – Financial Information

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures.

EAI has no financial or operating conditions which trigger such additional reporting requirements.

Item 19 – Requirements for State-Registered Advisers

As an SEC registered firm, this Item is not applicable.