

BIRCH & JOSSI FINANCIAL ADVISORS, INC.
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This brochure provides information about the qualifications and business practices of Birch & Jossi, Inc. dba, Birch & Jossi Financial Advisors, Inc. If you have any questions about the contents of this brochure please contact us at the telephone number or web address listed above. 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 Birch & Jossi Financial Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Under the Dodd-Frank Act, Birch & Jossi Financial Advisors, Inc. are no longer eligible to be registered under the SEC, as registered investment advisors, and are now required to be registered under state supervision. Registration in and of itself does not imply a certain level of skill or training.

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ADVISORY SERVICES AND FEES

The principal owners of Birch & Jossi Financial Advisors, Inc. (advisors) are Raymond A. Birch and Steven M. Jossi. Raymond has been a registered investment advisor since 1992, and Birch & Jossi Financial Advisors, Inc. was formed in 2002, when Steve became a registered investment advisor. The primary business of the advisors consists of furnishing “investment supervisory services” to clients. This activity includes the provision of continuous advice concerning investment of monies consistent with the circumstances, preferences and objectives of each client. The investment management process includes an evaluation of each client’s objectives, requirements, restrictions and portfolio holdings. We attempt to establish an investment program based on the individuality and uniqueness of each client’s personal situation, as opposed to a ‘one fits all’ approach.

On occasion, and as requested by the client, advisors may offer advice not limited to securities, and these services would generally fall under the general title of ‘financial planning’ or a similar term. Financial planning could incorporate personal or business long range retirement planning, investment strategies for generating current cash flow, or any investment decision that impacts a client’s current or future finances.

Advisors may provide investment advice to individuals (both retirement and non-retirement accounts), participants in defined-contribution retirement plans (i.e., 401(k) and 403(b)) plans, trusts, estates or charitable organization, as well as corporations or business entities not listed above.

Advisors manage all client accounts on a *fully discretionary* basis, meaning we do not consult clients regarding ‘buy and sells’. We do not prepare charts, graphs, formulas or analysis for assisting clients in security selection. Investment allocation and security selection is our responsibility.

As of December 31st, 2011 advisors managed just over \$36M on a fully discretionary basis.

Prior to investing any new assets, advisors will determine the client ‘risk profile’, and propose an investment strategy. The onus is on the client to let the advisor know if their situation has changed and a revised investment strategy is necessary. Periodic reviews are offered to all Birch & Jossi Financial Advisors, Inc. clients, and their frequency will vary based on the client’s requirements and preferences, and the nature of the account.

Advisors may also provide advice or utilize the services of other professionals in the areas of Financial Planning, Estate Planning, Business and Insurance Planning.

At the client's option, these services can be offered at the *firm's standard hourly rate of \$175*, or can be waived, should the client chose to invest a minimum of \$500,000 with the firm.

All clients choosing to engage the Investment Advisory Services of Birch & Jossi Financial Advisors, Inc. will be charged a 'one time' *fee of \$375 for consultation, investment planning and all activities related to the establishment of client accounts to be administered by the advisors.*

The following Table presents the Birch & Jossi Financial Advisors, Inc. Fee Schedule.

<u>Household Assets*</u>	<u>Management Fee</u>
\$000,000 - \$ 99,999	1.60%
\$100,000 - \$249,999	1.35% (retroactive to \$1)
\$250,000 - \$499,999	1.20% (retroactive to \$1)
\$500,000 - \$999,999	1.15% (retroactive to \$1)
\$1,000,000 - \$2,499,999	1.00% (retroactive to \$1)
\$2,500,000 - \$3,999,999	.95% (retroactive to \$1)
\$4,000,000 - \$6,999,999	.90% (retroactive to \$1)
\$7,000,000+	.85% (retroactive to \$1)

* In the case of multiple accounts within a family, billing is based on the collective value of all accounts held by the family members.

ALTERNATIVE INVESTMENTS

As managing partners in Anderson Heights Development LLC (AHD LLC), a real estate development company, advisors have a vested interest in the success of the venture. Advisors do not receive any on-going compensation beyond their standard management fee for operating AHD LLC. In the event of the successful closure of AHD LLC, and upon the return of principal and interest to the lenders, advisors would receive any remaining profits from the endeavor.

MINIMUM HOUSEHOLD SIZE

We generally recommend a portfolio account minimum of \$250,000; in select cases, we will as a courtesy accept smaller account sizes.

NEGOTIABILITY OF FEES

To ensure the equal treatment of all clients, our fees are generally not negotiable, although we reserve the right to negotiate fees for accounts in excess of \$7M. We also offer a reduced rate to family members, friends or individuals personally known to us who are employed by non-profit organizations.

BILLING PROCESS

All new client accounts are billed quarterly in advance. Billing for new accounts is calculated based on the day assets are received, and prorated thru the end of the quarter. Billing for existing clients is based on the closing value of the accounts on the last day of the quarter, and is not billed in advance. A client account with a value of \$734,500 on September 30th would as an example pay a quarterly management fee as follows:

$$\$734,500 \times 1.15\% = \$8,446.75 / 4 = \$2,111.69$$

Advisors fees will be invoiced to the client upon request, or in the absence of such request, paid directly to the advisor from the client account, upon submission of an invoice to the custodian.

All clients must sign an Investment Advisory Agreement with Birch & Jossi Financial Advisors, Inc. *Either party may terminate this agreement at any time by written notice to the other party.* Fees paid in advance will be returned to the client, prorated based upon the date of termination. While advisors impose no fees or penalties for termination, the client may potentially incur some transaction costs (imposed by the custodian) associated with liquidating the portfolio, in the event that they wish to no longer stay with the current custodian. In the event that the client chooses to stay with the existing custodian, Birch & Jossi Financial Advisors, Inc., will simply be removed as advisors on the account.

ADVISORS OFFER ADVICE ON THE FOLLOWING TYPES OF INVESTMENTS

- Equities from both US and Foreign issuers
- Corporate Debt Securities
- Certificates of Deposit
- Municipal Securities
- Investment Company Securities, including, variable life insurance / variable annuities / mutual fund shares.
- US Government Securities
- Options contracts on securities / commodities
- Real Estate LLC's

METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Advisors utilize a variety of sources to access risk and opportunities in the capital markets. We have developed a network of sources and contacts to provide us with information necessary to assist our investment process. These include but are not limited to, fund company research, newspapers and magazines, web-based data, proprietary paid independent research, timing services, press releases etc.

Our investment strategies include buying securities for the longer term (12 months or more) short term purchases and trading, option writing, including covered calls, or other spreading strategies. We are cognizant of the current tax implications for 'non-retirement' accounts, and prefer to adapt strategies that offer us the ability to incur long term capital gains rates for our clients, where at all possible.

Clients must be aware that investing in securities involves risk of loss that they must be willing to bear.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Advisors may refer clients to Aaron Christopherson an independent licensed independent insurance agent.

EDUCATION AND BUSINESS STANDARDS

Advisors require any officer or employee of the firm who gives investment advice to clients, to demonstrate a clear command of the firm's investment discipline, its principles and implementation, and its suitability for clients. We place a premium on our fiduciary responsibilities, and insist that our team meet the highest professional standards in dealing with our clients, exhibited by a high level of financial sophistication, derived from both education and experience.

EDUCATION AND BUSINESS BACKGROUND

Raymond A. Birch	President
Born	1958
Education	Helderberg College, South Africa Diploma in Business Studies; 1983 Andrews University, Bachelor of Business Administration; 1989 N.E.F.E., Chartered Mutual Fund Counselor (CMFC); 1997
Background	President, Birch & Jossi Financial Advisors, Inc. 2002 - present Vice President, Birch & Monteith Inc., 1994 – 2002 Agent, New England Financial, 1992 – 1994

Raymond is primarily responsible for the Asset Management Program here at Birch & Jossi Financial Advisors, Inc.

Steven M. Jossi	Vice President
Born	1957
Education	University of Portland, BS <i>with honors</i> ; 1980
Background	Vice President, Birch & Jossi Financial Advisors, Inc. 2002 – present Financial Administrator, Sunnyside Foursquare Church, 1982 – 2002

In addition to Steve primary role of providing financial advisory serves here at the firm, he also brings 25 years of real estate and development experience to Birch & Jossi Financial Advisors, Inc., experience that have proven to be invaluable as it relates to Anderson Heights Development LLC, and general real estate related questions that clients may have regarding their own personal situation.

PARTICIPATION AND INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.

Both Raymond Birch and Steve Jossi are general partners in Anderson Heights Development LLC, a real estate development LLC established in September of 2006. The Federal Tax ID is #260307422, and the WA State UBI is #602740295. Clients may be invited to lend to this entity, via secured promissory notes, with stated interest rates and duration, along with underlying security in the land. Clients will sign an acknowledgement of the possible conflict of interest in Anderson Heights LLC, due the advisors ownership, and possible profit potential.

Advisors are also joint owners of B&J Development LLC, a company formed in 2002 for personal (non-client) individual real estate opportunities that advisors may wish to pursue. Steve Jossi is primarily responsible for both of the above mentioned LLC's.

We have never asked a client to sell their interest in any of our prior real estate endeavors, while asking another client to purchase the interest. Return of investors principal is always our highest goal, and to date thru one of the most challenging real estate environments of our lifetime, no investor has lost a penny in any real estate endeavor we have been members of.

In instances where we were unable to meet our original stated rate of interest to our lenders, we successfully reached a mutually agreed upon interest rate for all previous lenders in our prior real estate endeavors, after having fully repaid their original principal investment.

Having said that, past performance is NO guarantee of future results for existing members of AHD LLC.

Under our Asset Management Program, advisors will typically invest their own money alongside our firm's clients, both to align the interests of the advisors with those of our clients, and as an expression of our confidence in the firm's Asset Management Program.

CODE OF ETHICS

At Birch & Jossi Financial Advisors, Inc. our code of ethics is straightforward: Treat our clients at all times as we would want to be treated, manifested in the highest level of professionalism and integrity. We hold sacred the trust that our clients have placed in us, and strive to always align our interests with the best interests of our clients. Advisors Code of Ethics is available upon request.

CLIENT REFERRALS AND OTHER COMPENSATION

We do not currently receive compensation for referring clients to outside advisors, or pay compensation to any person referring clients to our firm.

VOTING CLIENT SECURITIES

In the event that the client wishes the advisor to receive annual reports and vote their proxy, they will sign off on that authorization in the advisory agreement. Advisor shall provide advice to clients wishing to vote their own proxy.

FINANCIAL INFORMATION

Advisors do not require *prepayment* of more than \$500 in fees per client, six months or more in advance. Advisors have not been the subject of a bankruptcy petition at any time during the past 10 years.

OTHER BUSINESS ACTIVITIES

Advisors are also managing partners in Anderson Heights Development LLC, a real estate development company, and B&J Development LLC. Steve Jossi is primarily responsible for the management and on-going operating of this endeavor, and spends approximately 10% of his time managing this endeavor. Advisors have not been the subject of any disclosable arbitration, regulatory, civil, or administrative proceedings during the past 10 years.

CONDITIONS FOR MANAGING ACCOUNTS

At Birch & Jossi Financial Advisors, Inc. we provide investment advisory services, manage accounts and provide a 'big picture' level of financial planning. We typically require that all 'new' clients have \$250,000 in investable assets to open an account.

REVIEW OF ACCOUNTS

Individual accounts are reviewed on a constant basis by Birch & Jossi Financial Advisors, Inc. This is facilitated in part by the fact that advisors jointly currently only manage approximately 120 households, and as such offer a high level of personal attention to each account. In addition, advisors utilize "block trades" so that often when a security is purchased by the firm, it is allocated to numerous client accounts. As such, there is a high level of uniformity amongst client accounts. Review meetings are encouraged and are available as requested by the clients.

All client accounts will be reviewed by at least one principal of the firm, who will manage no more than 75 family accounts.

All portfolios will be reviewed to ensure that are appropriate with regard to the clients goals, objectives, risk tolerance and time horizon. Accounts are managed in accordance with the signed, mutually agreed upon, statement of investment objectives.

Clients will receive a monthly statement for the custodian (currently Charles Schwab, TD Ameritrade or Sterling Trust) showing holdings, valuations and account activity. Once a quarter, advisors will provide our clients with a summary statement and billing invoice. This statement is simply designed to complement the monthly statement issued by the custodian. An annual year end summary is mailed to clients, showing the performance of the portfolio for the preceding 12 month period.

INVESTMENT AND BROKERAGE DISCRETION

After consultation with our clients, advisors have discretionary authority to determine the type and amount of securities bought and sold in our client's accounts. Our custodian selection process is based on the level of service afforded our clients and our firm, in conjunction with reasonable and competitive commission rates. As a fee-based practice, we strive to obtain best execution and commission rates for our clients.

We do not receive any part of the commissions charged to our clients by the custodian.

ADVISORS FINANCIAL PRIVACY POLICY

At Birch & Jossi Financial Advisors, Inc., we understand that our clients have entrusted us with detailed personal information concerning their family, their wealth, business, estate and financial planning. In a predominantly 'referral based' practice, we place a premium on ensuring the highest level of client / advisor confidentiality.

HOW WE GATHER INFORMATION

In order to provide suitable investment advice while fulfilling the firm's fiduciary responsibility, advisors will collect and store detailed information about the firm's clients.

This information will include, but is not limited to, names; residential and business postal addresses; phone numbers and e-mail addresses; Social Security numbers, including those of family members; detailed financial information including income, tax status and history, net worth data, asset lists, insurance and estate planning documents; and other personal, household and business information.

To develop an appropriate Asset Management Program, advisors gather information from a combination of the following sources: client profile forms; bank, brokerage and trust account statements; retirement statements and estate planning documents; interviews with you, with members of your family, as well as any trusted advisors working on your behalf, or any information received from you; whether written, telephonic or in electronic form.

OUR CLIENT PRIVACY POLICY

Advisors serve as a fiduciary for their investment advisory clients. In that capacity we protect personal information by maintaining standards that meet or exceed applicable law. We will never sell, share or divulge personal information to an unaffiliated third party, except as outlined below.

DISCLOSURE OF INFORMATION REQUIRED TO CONDUCT BUSINESS ON CLIENTS BEHALF.

In the normal course of conducting business for you and acting as fiduciary on your behalf, we must necessarily share or disclose some data about you to custodial organizations, brokerage firms we may select to execute transactions on your behalf, clearing agent firms, and law firms pursuing shareholder class action suits. These organizations have their own privacy and client confidentiality obligations and procedures. You should understand that we would be unable to conduct business on your behalf without disclosing certain limited information about you and your account(s) to these affiliated and unaffiliated third parties.

DISCLOSURE OF INFORMATION WITH YOUR CONSENT

In the normal course of business at Birch & Jossi Financial Advisors, Inc. clients routinely ask firm personnel to provide confidential information concerning profit and loss records, asset cost basis, portfolio market values etc., to other financial professionals, and we are always happy to comply with these requests.

DISCLOSURE OF INFORMATION TO LEGALLY EMPOWERED REGULATORS

Birch & Jossi Financial Advisors, Inc. is subject to the registration requirement of the states of Oregon and Washington. Regulatory authorities are empowered by law to perform certain audit functions to ensure that Birch & Jossi Financial Advisors, Inc. complies with Federal, State and local laws governing Registered Investment Advisors. In the course of an audit, regulatory authorities may request information concerning advisors clients.

We invite you to contact us should you have any further questions or comments concerning this Privacy Notice or the policies, practices, and procedures it describes.

BIRCH & JOSSI FINANCIAL ADVISORS INC. CLIENT RECORD KEEPING POLICIES

All Birch & Jossi Financial Advisors, Inc. clients use a custodial brokerage firm to hold their securities and cash. Any such custodian holds securities, collects (and reinvests if applicable) dividends and interest, make disbursements, processes deposits, and handles other routine back-office functions. All custodians track account activity, using proprietary software and technology, and provide regular account statements to clients. This includes an annual gain / loss report to assist the client with tax preparation.

Advisors may also provide independent reports generated by our internal software, reports designed to complement those provided by the custodian. When a client establishes a new account, we make a concerted effort to determine the cost basis of the client's current positions. In so doing, we must often rely on clients themselves or their accountant or other financial advisor to provide us with this advice. As such, advisors cannot always be relied upon to provide complete and accurate capital gain and loss information, if and when positions are subsequently liquidated.

As part of the portfolio management process, advisors (with the assistance of their custodians) will track various “corporate actions” such as spinoffs, stock splits, tender offers etc. The firm makes a concerted effort to maintain accurate records to provide precise data concerning portfolio performance and tax implications.

Birch & Jossi Financial Advisors, Inc. and most custodians accept client instructions, authorizations and notifications sent by e-mail. One important exception is that we require signed original copies of account establishment and transfer forms.