



Ritter Daniher Financial Advisory, LLC

Compliance Manual: Dated March 1, 2011
SEC File #801-61633
CRD #119901

7529-A State Road
Cincinnati, OH 45255

Phone: (513) 233-0715
Fax: (513) 233-0718
www.ritterdaniher.com

Chief Compliance Officer:

John K. Ritter, CFP[®], CFS
NAPFA Registered Financial Advisor
john@ritterdaniher.com

Table of Contents

Introduction

Statement of Material Changes	3
A. Advisory Business	4-5
B. Fees and Compensation	6-8
C. Performance Based Fees	9
D. Types of Clients	9
E. Client Referrals and Referral Programs	9
F. Methods of Analysis, Investment Strategies and Risk of Loss	10
G. Disciplinary Information	11
H. Other Financial Industry Activities and Affiliations	11-12
I. Code of Ethics	13
J. Participation or Interest in Client Transactions and Personal Trading	14
K. Brokerage Practices and Other Compensation	15-17
L. Review of Accounts	18
M. Custody and Investment Discretion	19
N. Voting Client Securities	20
O. Financial Information	20
P. Gifts Received	20
Q. Business Continuity Plan and Information Security Program	21-23
R. Management Personnel Supplement (Part 2B of Form ADV)	24-28

Introduction

This brochure updates the prior version dated July 1, 2010.

This brochure provides information about the qualifications and business practices of Ritter Daniher Financial Advisory, LLC (RDFA). If you have any questions about the contents of this brochure, please contact us at: 513-233-0715, or by email at: john@ritterdaniher.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information is available on the SEC's website at www.adviserinfo.sec.gov.

Statement of Material Changes

On July 28, 2010 the United States Securities and Exchange Commission (SEC) published "Amendments to Form ADV" which created new rules regarding the disclosure document that we provide to clients as required by SEC rules. Accordingly, this disclosure brochure is materially different in structure and requires certain new information that our previous brochure did not require. This new brochure will be delivered, in its entirety, to all clients of RDFA by May 30, 2011.

In this Summary of Material Changes, we discuss the material changes since the last update of this document, which was July 1, 2010.

- 1) We provide additional disclosures regarding material conflicts of interest which may exist, and how we manage those conflicts in order to keep our clients' best interests paramount at all times. This information is present in multiple sections of the document.
- 2) We provide a more extensive review of our investment policies and practices, and the risks involved with those strategies, as well as the risks of specific asset classes or investment products we may recommend. Please refer to the section titled Methods of Analysis, Investment Strategies and Risk of Loss.
- 3) We detail our firm practices with regard to our non-acceptance of "custody" of client accounts. We have chosen to utilize the service of independent, qualified, third-party custodians. These custodians do take custody of client assets, provide separate monthly statements to our clients detailing their account holding, and work as a business partner with RDFA. We utilize the services of two primary custodians: TD Ameritrade Institutional Services and Charles Schwab Institutional. Please refer to the section titled Custody and Investment Discretion.

Advisory Business

Our Firm's History: Ritter Daniher Financial Advisory, LLC was formed on July 23, 1999. The firm's primary service offering is Wealth Management, where we offer assistance within the broad spectrum of financial planning and investment management related activities. The firm has seven total employees, of which five are Advisors that work directly with clients and provide advisory services to them. Each of these Advisors has completed the Certified Financial Planner education program and holds the rights to using the CFP® mark.

Our Principal Owner's: The two owners of the firm are John K. Ritter and Jeffrey E. Daniher, and they each own 50% of the company. These two people are responsible for the majority of strategic decisions for the firm.

Amount of Assets Under Management: As of December 31, 2010 our firm provided advice on approximately \$200,000,000 of financial assets for approximately 225 family groups. These include all financial assets of clients who engage RDFA for ongoing advice on their investment portfolios, and this advice is regular and continuous in nature. Of these assets, the vast majority are managed on a discretionary basis. Investment discretion will be addressed later in this document.

Our Firm's Primary Service: As noted above, our primary service offering is Wealth Management. While there are many facets to the management of a client's wealth, some of the more traditional items that we often address are:

- Identification and Clarification of Goals
- Investment Selection and Strategies
- Retirement Planning
- College Planning
- Life Insurance and Disability Insurance Planning
- Employee Benefit Planning
- Income Tax Minimization
- Estate Tax Minimization
- Wealth Transfer Strategies and Legacy Planning
- Charitable Giving Strategies and Planning
- Cash Flow Planning and Budgeting

In addition to these items, we also offer "financial concierge" services, such as:

- Coordination of external advisors (Attorneys, CPA's, Insurance Agents, etc.)
- Trust Consulting
- Mortgage Finance Planning
- Family Meetings and Wealth Education

Advisory Business — continued

Additional Services: While not our primary service offerings, we occasionally work with clients in other capacities. The three most likely of these scenarios are:

- Project Based and Hourly Based Financial Planning
- Non-Profit Investment Advisory
- Corporate Retirement Plan Management

Here is a quick summary of each of these activities:

Project Based and Hourly Based Financial Planning

The purpose of the financial plan is to determine action steps that will assist you in reaching specific goals that are identified. This process will often include financial analysis using both “straight line” (constant rate of return) and “Monte Carlo simulation” (random rates of return) financial planning techniques. In most circumstances, a written report of thoughts and recommendations will be presented outlining the strengths and weaknesses of the financial situation, discussing actions steps, and may include referrals to other financial, tax and estate advisors that may be of assistance.

This type of service engagement has a set start and end point, either based upon specific dates or by the completion of the project. Due to the limited scope of the engagement, and the finite nature of our time working together, specific investment recommendations are not offered. Any information presented on investments during this process will be limited in scope to suitability, risk tolerance and overall asset allocation. No attempt will be made to provide specific recommendations as to the purchase or sale of invested assets.

Non-Profit Investment Advisory

The scope of these engagements is normally limited in nature, whereby we are providing investment selection, asset allocation and rebalancing services for assets that benefit the non-profit entity.

Corporate Retirement Plan Management

RDFA may be engaged in assisting with the management of corporate retirement plan assets (401(k), 403(b), Profit Sharing, etc.). In these situations, we are normally being hired by the plan trustee / plan fiduciary, and are working as part of the team managing the assets for the benefit of the participants. Again, this is normally a limited scope engagement focused around investment selection and implementation, asset allocation and rebalancing, and employee education.

Fees and Compensation

Wealth Management Fees: Wealth Management services are offered on a Fee-Only basis. This wealth management fee is generally based upon the client's overall liquid net worth, not simply the assets that we are managing. This is done so that we can avoid the conflict of requiring all assets to reside with us in order to advise on them. The client's specific circumstances will allow us to determine the "fee band" in which their situation falls, and then apply the appropriate corresponding fee. The Wealth Management fee schedule is as follows:

<i>Band</i>	<i>Liquid Net Worth</i>	<i>Annual Fee</i>	<i>Monthly Fee</i>
1	Less than \$300,000	\$3,000/year	\$250/month
2	\$300,000 to \$450,000	\$4,500/year	\$375/month
3	\$450,000 to \$600,000	\$6,000/year	\$500/month
4	\$600,000 to \$800,000	\$7,500/year	\$625/month
5	\$800,000 to \$1,000,000	\$9,000/year	\$750/month
6	\$1,000,000 to \$1,200,000	\$10,500/year	\$875/month
7	\$1,200,000 to \$1,600,000	\$12,000/year	\$1,000/month
8	\$1,600,000 to \$2,000,000	\$15,000/year	\$1,250/month
9	\$2,000,000 to \$2,500,000	\$18,000/year	\$1,500/month
10	\$2,500,000 to \$3,000,000	\$21,000/year	\$1,750/month
11	\$3,000,000 to \$3,500,000	\$24,000/year	\$2,000/month
12	\$3,500,000 to \$4,250,000	\$27,000/year	\$2,250/month
13	\$4,250,000 to \$5,000,000	\$30,000/year	\$2,500/month
14	\$5,000,000 to \$6,000,000	\$33,000/year	\$2,750/month
15	\$6,000,000 to \$7,000,000	\$36,000/year	\$3,000/month
	Over \$7,000,000	Negotiable	

Consideration is given to items such as concentrated stock positions, retirement plan options with limited flexibility, investment real estate, and other assets when determining the appropriate fee band. This may decrease or increase the appropriate fee band depending on either the constraints or the added responsibility that we might have. The agreed upon fee band will remain in place for the balance of the calendar year. At the conclusion of this period of time, the fee band will be reevaluated to determine whether it is still appropriate. If no change is required, the agreement will be deemed to extend for an additional calendar year. If a change is warranted, this will be communicated in writing (physical mail or electronic mail) prior to the next months fee billing.

Some clients with established relationships with RDFA may remain on their former fee schedule as indicated within their signed Client Engagement Agreement.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of the agreement, any prepaid, unearned fee will be promptly refunded, and any earned, unpaid fees will be due and payable.

Fees and Compensation – continued

Project Based and Hourly Based Financial Planning: Project Based Planning is done on a fee basis that is calculated using a quasi-hourly rate based upon the complexity level of the situation and the estimated time involved. A fee range is quoted at the time that the Client Engagement Agreement is discussed and signed. This agreement outlines the scope of the engagement. The timing of the payment of fees will be determined at the signing of the Client Engagement Agreement.

In certain cases, hourly based or “segmented” planning may be done for a client. In these cases, fees are charged based on an agreed upon hourly rate. Currently, those hourly rates are:

<i>Job Function / Title</i>	<i>Rate</i>	<i>Job Function / Title</i>	<i>Rate</i>
Sr. Financial Advisor / CFP®	\$200/hour	Financial Advisor / CFP®	\$150/hour
Financial Para-planner	\$100/hour	Staff Employee	\$50/hour

Non-Profit Investment Advisory Fees: The fees for this service may be either a flat fee for investment management as shown in the fee chart for Wealth Management or an agreed upon fee based upon the assets under management.

Corporate Retirement Plan Management: The fees for this service may be either a flat fee for investment management as shown in the fee chart for Wealth Management or an agreed upon fee based upon the assets under management.

Advisory Activities of Clarus Financial, LLC Assigned to RDFA: RDFA acquired Clarus Financial, LLC (SEC File Number 801-67739) effective July 1, 2010. Existing advisory relationships with the clients of Clarus Financial were assigned via client signature to RDFA as of this date, and RDFA agreed to accept the previously contracted terms of service. While these service offerings are being honored by RDFA for previous clients of Clarus Financial, they are not available to new clients entering into an advisory relationship with RDFA.

In keeping with assignment of these client contracts, the language on the following page is taken directly from the most recent Form ADV: Schedule F of Clarus Financial (dated 3/17/2010) to indicate the additional services that RDFA now offers.

Fees and Compensation — continued

Fees for Clarus Financial Clients Assigned to RDFA

“CF provides discretionary and non-discretionary investment management of accounts for individuals, trusts and charitable organizations as its primary service. Comprehensive financial planning is a secondary service of the Applicant. The client’s financial position, investment experience and needs are taken into consideration when implementing the portfolio.

CF may contract with third party managers whose fees are separate from CF’s. Some third party managers provide their services on a wrap fee platform. For accounts managed on such platforms, Client pays combined fees for investment advice and brokerage services rather than investment management fees plus separate transaction-based charges for brokerage execution. Client will be presented a copy of both the third party’s Form ADV Part II or other applicable disclosure documents and CF’s fully disclosing the services and fee schedules being provided to the Client. Third party managers may have established account size minimums. CF will recommend Client to third party managers that have complimentary management styles, investment philosophies, account types and acceptable minimum account sizes.

Clients are charged an hourly fee of \$150 per hour, a fixed annual fee or a variable fee based on the percentage of assets managed. According to the Management Agreement, the accounts are billed as follows:

<i>Portfolio Size</i>	<i>Annual Adv. Fee</i>	<i>Portfolio Size</i>	<i>Annual Adv. Fee</i>
<i>Up to \$500,000</i>	<i>1.25%</i>	<i>\$500,000 to \$1,000,000</i>	<i>1.12%</i>
<i>\$1,000,000 to \$2,000,000</i>	<i>1.00%</i>	<i>Over \$2,000,000</i>	<i>Negotiable</i>

Self Directed Accounts: *The Applicant manages non-discretionary accounts for clients with a limited scope of service including tracking cost basis, facilitating cash management, quarterly statements and executing client directed trades. The fee for this service is a fixed annual amount of \$300 per household.*

Advisory fees are to be paid quarterly, in advance, due on the first day of each calendar quarter. The calculation is based on the asset value of the account on the last business day of the previous quarter. The Client may terminate the Management Agreement at any time by providing written notice to the Applicant. In the event of termination, the Client will be entitled to a prorated refund of any prepaid fees based on the number of days remaining in the quarter, the fee will be determined on a pro rata basis for the portion of the calendar quarter during which the Applicant provided services. Fixed annual fee for non-discretionary accounts are also due on the first calendar day of each quarter and are not prorated for mid-quarter termination or inceptions.”

Performance Based Fees

Performance Fees: This item is inapplicable to Ritter Daniher Financial Advisory, LLC. Our firm does not accept performance based fees, nor manage accounts which impose performance based fees.

Performance based fees are fees based on a share of capital gains or on capital appreciation of the assets of a client, such as a client that is a hedge fund or other pooled investment vehicle. Such acceptance or management would pose a significant conflict of interest to our clients because performance based fees may provide an incentive to favor such accounts over the accounts of clients under our other advisory programs. We consider avoidance of such conflicts a paramount policy in maintaining our fiduciary duty to our clients.

Types of Clients

RDFA offers its advisory services primarily to individuals and their families, including high net worth individuals and trusts. RDFA may also provide advisory services to pension and profit sharing plans and plan participants, as well as to foundations, business entities and other institutions.

Client Referrals and Referral Programs

In order to maintain our independence and objectivity, we do not pay any party for the referral of clients. While we have been fortunate to receive many referrals through the years from current clients and professional advisors, we want those referrals to be made on the merits of our service rather than based upon a financial benefit received by the referring party. In addition, we do not receive compensation from any affiliated party or allied professional that we may refer a client to for their services.

RDFA avoids certain relationships with custodians and investment product providers which it believes might materially hamper its independence in providing advice to its clients. For this and other reasons, RDFA does not participate in client referral programs which may be sponsored by custodial firms.

Methods of Analysis, Investment Strategies and Risk of Loss

General Beliefs: RDFA manages investment portfolios with a belief that asset allocation, diversification, security selection and portfolio rebalancing are the primary drivers in investment success. Members of our firm sit on our Investment Committee, and this committee is responsible for determining the strategies to be employed in client portfolios. The Investment Committee currently includes John K. Ritter, Jeffrey E. Daniher, Gregory T. Busch and Robert J. Riccardi.

The investment advice which RDFA provides is based upon long-term investment strategies which incorporate the principles of Modern Portfolio Theory. The utilization of several different asset classes as part of an investor's portfolio is emphasized, as this has been shown to usually effect a reduction in portfolio volatility over long periods of time. We believe that markets are normally fairly efficient, although not always rationale, and that portfolio returns are principally determined by asset allocation decisions, and are assisted by maintaining a focus on low internal cost structure of investments used.

Clients of the firm receive the services of our developed investment philosophies and strategies, research and due diligence, account monitoring and trading. After discussions with each client, they receive an agreed upon asset allocation model which serves as a target when portfolio reviews take place. This may or may not include an amount of "carved off cash" which represent dollars that are segregated from the rebalancing process.

Investment Vehicles: We primarily utilize mutual funds and exchange traded funds to provide broad diversification within an asset class. We generally use a combination of "active" and "passive" management styles within these investments. Where appropriate, we will also use individual stocks and bonds, alternative investment strategies, certificates of deposit and other strategies. Generally, the firm utilizes investments that are readily marketable.

Risk of Loss: Investing in most securities involve a risk of loss that clients should be prepared to bear. We endeavor to limit this risk through broad global diversification, but this methodology will still subject the client to declines in the value of their portfolios, which can at times be dramatic. Invested assets are generally long-term in nature and any dollars that cannot be subjected to portfolio volatility should be "carved off" from the asset allocated portfolio. RDFA invests in certain securities, such as small and mid cap stocks and emerging market stocks, which may possess higher levels of volatility. We employ these vehicles as part of an overall strategic asset allocation for a client, and in doing so we possess a reasonable belief that the risk/return relationship for these securities will likely be beneficial for the investor over long periods of time.

Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events of their firm or certain management personnel which would be material to your evaluation or RDFA or the integrity of our management of investment portfolios. Neither the firm nor any of its advisors possess legal or disciplinary events which are required to be disclosed under the guidelines of the SEC, nor have they been involved in disciplinary action from regulators, courts, or the Certified Financial Planner Board of Standards.

Other Financial Industry Activities and Affiliations

Financial Industry Activities: None of the advisors of RDFA are registered with FINRA to receive commissions on investment product sales. The firm's only revenue is that which comes directly from its clients.

Affiliations: All advisors of RDFA are members of the National Association of Personal Financial Advisors (NAPFA) and are entitled to refer to themselves as NAPFA Registered Financial Advisors. The organization is the nation's leading professional association dedicated to the advancement of Fee-Only comprehensive financial planning. Professionals who become NAPFA Registered Financial Advisors are committed to the three primary ideals of NAPFA:

- 1) The belief that clients are best served by a comprehensive approach to financial planning.
- 2) The highest levels of competency must be achieved and maintained.
- 3) Fee-Only compensation and a fiduciary relationship are vital to placing the interests of the client above all others.

RDFA advisors are also all authorized to use the CFP® mark and call themselves a Certified Financial Planner. The marks are financial planning credentials awarded by the Certified Financial Planner Board of Standards Inc. (CFP Board) to individuals who meet education, examination, experience and ethics requirements. The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board"). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

Other Financial Industry Activities and Affiliations — continued

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Code of Ethics

Ritter Daniher Financial Advisory, LLC (RDFA) has adopted a Code of Ethics ("Code") that establishes minimum standards of acceptable professional conduct for members of the firm. RDFA encourages the highest ethical standards of its principals and employees, and we seek to avoid material conflicts of interest. Accordingly, the firm and its representatives do not receive any third party direct monetary compensation (i.e. commissions, 12b-1 fees or other fees) from brokerage firms, custodians or mutual funds companies.

RDFA's goal is to be seen as a standard-bearer within our industry for "fiduciary responsibility". While no set of rules can possibly anticipate or relieve all potential conflicts of interest, we have adopted the following eight principles to guide our activities. They are:

1. **OBJECTIVITY:** RDFA members strive to be as unbiased as possible when providing advice to clients. A member shall examine each and every situation without prejudice or personal agenda.
2. **CONFIDENTIALITY:** RDFA members value client privacy and will keep all client data private, unless release is authorized by the client or required by law.
3. **COMPETENCE:** RDFA members maintain a high level of knowledge and professional competence. A member shall only provide advice in areas in which he or she has knowledge and capability.
4. **FAIRNESS AND SUITABILITY:** Dealings and recommendations with clients will be in the client's best interests. RDFA members will exercise care before making any product recommendations.
5. **INTEGRITY AND HONESTY:** RDFA members will endeavor to avoid misunderstandings that can occur in normal interpersonal communications. Members should keep interactions with clients and other professionals at a level whereby there is no doubt or misinterpreting of the member's intentions.
6. **REGULATORY COMPLIANCE:** RDFA members will strive to maintain conformity with legal regulations.
7. **FULL DISCLOSURE:** RDFA members will fully describe methods of compensation and actual or potential conflicts of interest, prior to a client's engagement of his/her services, or as soon as they become known.
8. **PROFESSIONALISM:** RDFA members shall conduct himself or herself in a way that is a credit to RDFA at all times.

Participation or Interest in Client Transactions and Personal Trading

RDFA or individuals associated with RDFA may buy or sell securities identical to or different than those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of RDFA that no person employed by RDFA may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory clients.

RDFA has established the following restrictions in order to ensure its fiduciary responsibilities are adhered to:

- 1) A member or employee of RDFA shall not buy or sell securities for their personal portfolio where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of RDFA shall prefer his or her own interest to that of the advisory client.
- 2) RDFA maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of RDFA. This person will either be the Chief Compliance Officer or a representative of the CCO.
- 3) RDFA emphasizes the unrestricted right of a client to decline to implement any advice rendered, except in situations where RDFA is granted discretionary authority of the client's account.
- 4) RDFA requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any individual not in observance of the above may be subject to termination.

Brokerage Practices and Other Compensation

Brokerage Practices: RDFA participates in the institutional customer program offered by both TD Ameritrade Institutional (TDAI) and the Schwab Institutional division of Charles Schwab & Co., Inc. (SI). TDAI is a division of TD Ameritrade Inc., member FINRA/SIPC. TD Ameritrade and Charles Schwab & Co., Inc. are independent and unaffiliated SEC-registered broker-dealers and FINRA members. TDAI and Schwab offer to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. RDFA receives some benefits from TDAI and Schwab through its participation in the program. Additional information regarding these benefits is disclosed on the following page.

RDFA reserves the right to decline acceptance of any client accounts that directs the use of a broker dealer other than TDAI or SI, if RDFA believes that the broker dealer would adversely affect RDFA's fiduciary duty to the client and/or ability to effectively service the client portfolio.

TDAI and SI may affect clients' over-the-counter securities transactions on an agency basis. In filling these orders, the clients' broker may have transacted with a market-making broker-dealer ("market maker") on the other side of the trade. A market maker may mark-up/mark-down the price of a security for which it makes a market, which is a cost that will be incurred by the client in addition to the agency commission assessed by the broker.

Clients may incur transaction costs in addition to any commissions charged by their custodian broker when trades in over-the-counter securities are affected on their behalf through that broker on an agency basis. Broker custody of client assets may limit or eliminate the adviser's ability to obtain best price and execution. For accounts held at TDAI or SI, the custodians generally do not charge separately for custody, but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through or settle into those respective custodial accounts.

RDFA does not warrant or represent that commissions for transactions implemented through TDAI or SI will be lower than commissions available if clients use another brokerage firm. However, RDFA believes that the overall level of service and support provided to RDFA clients by these institutions outweighs the potentially lower transaction cost available under other brokerage arrangements.

Factors considered in selecting custodian include the existing broker/dealer relationship with RDFA, financial strength, reputation, reporting, execution pricing and research. The broker/dealers charge commission rates which are generally considered discounted from customary retail commission rates. The fees charged by any designated broker/dealer or custodian are exclusive of, and in addition to, RDFA's advisory fees.

Brokerage Practices and Other Compensation - continued

Other Compensation: RDFA utilizes the services of the TDAI and SI institutional advisory programs, and may recommend TDAI and/or Schwab to clients for custody and brokerage services. There is no direct link between RDFA's participation in the programs and the investment advice it gives to its clients, although RDFA receives economic benefits through its participation in the programs that are typically not available to TD Ameritrade or Charles Schwab & Co., Inc. retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations, research related products and tools, consulting services, access to a trading desk serving advisor participants, access to block trading, the ability to have advisory fees deducted directly from client accounts, access to an electronic communications network for client order entry and account information, access to mutual funds with no transaction fees and to certain institutional money managers, and discounts on compliance, marketing, research, technology, and practice management products provided to RDFA by third party vendors.

TDAI and/or SI may also pay for business consulting and professional services received by RDFA's related persons, and may pay or reimburse expenses (including travel, lodging, meals, etc.) for RDFA's personnel to attend conferences or meetings relating to the program or to TDAI's or Schwab's advisor custody and brokerage services generally.

Some of the products and services made available by TDAI and/or SI through the program may benefit RDFA but may not directly benefit its client accounts. Other services made available by TDAI and/or SI are intended to help RDFA manage and further develop its business enterprise. The benefits received by RDFA through participation in the programs do not depend on the amount of brokerage transactions directed to TDAI and/or SI.

Clients should be aware that the receipt of economic benefits by RDFA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence RDFA's recommendation of TDAI and/or Schwab for custody and brokerage services. RDFA also receives from TDAI certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include making available to RDFA software used for portfolio management, performance tracking, and cost basis reporting (PortfolioCenter and/or Tamarac). This software may be partially or fully paid by TDAI, which is a benefit to RDFA.

Brokerage Practices and Other Compensation - continued

These and other Additional Services are provided to RDFA by TDAI in its sole discretion and at its own expense, and RDFA does not pay any fees to TDAI for the Additional Services. RDFA and TDAI have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services. RDFA’s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to RDFA, TDAI most likely considers the amount of profitability to TDAI of the assets in, and trades placed for, RDFA’s client accounts maintained with TDAI. TDAI has the right to terminate the Additional Services Addendum with RDFA, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TDAI, RDFA may have an incentive to recommend to its clients that the assets under management by RDFA be held in custody with TDAI and to place transactions for client accounts with TDAI. RDFA’s receipt of Additional Services does not diminish its duty to act in the best interest of its clients, including to seek the best execution of trades for client accounts.

Review of Accounts

Wealth Management Services: The underlying securities within Wealth Management Services accounts are continuously and actively monitored by one or more of the financial advisors of RDFA. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. The frequency of reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

In addition to portfolio statements generated and distributed by the qualified, third party custodian, RDFA produces reports through a management system called PortfolioCenter. These reports are distributed on at least an annual basis, and generally more often than this as they are reviewed at client meetings. The reports include rates of return, benchmark comparisons, data on individual securities and more.

Client review meetings are offered at least annually, and portfolio recommendations may be made reflecting changes in risk tolerance, income or capital appreciation needs, modification of asset allocation targets, and/or underlying investment position changes due to underperformance.

Financial Planning Services: Due to the nature of this service, RDFA will not provide ongoing reviews of these accounts

Custody and Investment Discretion

Custody: It is our policy to not accept custody of a client's securities. In other words, we are not granted access by our clients which would enable us to withdraw or transfer or otherwise move funds or cash from their account to our account. This does not apply to a situation where we would deduct our advisory fee from their account, as explained below. This policy to not accept custody is for the safety of our client's assets.

With a client's consent, RDFA may be provided with the authority to seek deduction of our contracted advisory fee directly from the client's account. This process is generally more efficient for both the client and the investment adviser.

All of our clients receive account statements directly from their qualified custodians, such as their brokerage firm that maintains those assets. The client should carefully review these account statements and compare them to any supplemental performance reports provided by RDFA. We urge all clients to compare the statements in order to ensure that all accounts transactions, including deductions to pay advisory fees, remain proper. If there are any perceived discrepancies, the client should contact us immediately.

Investment Discretion: For discretionary clients, RDFA requests that it be provided with written authority to determine which securities and the amounts of securities that are bought and sold. This authority is provided through the executed Client Engagement Agreement. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

In the event of third party investment advisory services being offered, the third-party money manager exercises discretion in the management of client accounts. All securities transactions are decided upon and executed by that manager. RDFA and its representatives do not manage or obtain discretionary authority over the assets in accounts participating in these programs. However, clients may grant representatives the discretionary authority to hire and fire such third-party managers.

Voting Client Securities

Unless the client designates otherwise, RDFA votes proxies for securities over which it maintains discretionary authority. RDFA votes proxies for our Wealth Management clients, with the exception of any assets held away from TD Ameritrade Institutional Services or Charles Schwab Institutional. Generally, we vote with management, as we believe that they are in a solid position to determine the proper courses of action for their respective companies. However, we do look at the merits of each vote to determine if we disagree with the recommendations from management.

Financial Information

An SEC rule exists whereby financial disclosure is required of certain firms if they require prepayment of more than \$1,200 in fees per client, six months or more in advance. This is not the case with RDFA, so the additional financial reporting requirement does not exist.

As RDFA does possess the limited discretion on client accounts due to the ability to withdraw fees directly, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. We currently possess not such financial condition. RDFA has never been the subject of a bankruptcy proceeding.

Gifts Received

RDFA occasionally receives gifts from clients or industry partners that are of minimal financial value. It is recognized that this could result in a conflict of interest, so steps are to be taken to make sure that the gift is made known to the Chief Compliance Officer. Gifts of less than \$100 monetary value from a client need not be reported. However, any gift exceeding this amount must be reported to the CCO immediately, and notation will be made in the Client Relationship Management software.

Also reportable are gifts or events whereby the “value received” is in excess of \$100 per advisor. This can include tickets to events, meals, or other items whereby a third party is making payment on behalf of an RDFA employee. These instances also must be reported to the CCO immediately.

Business Continuity Plan and Information Security Program

General: We recognize that one of the largest risks inherent in an independent advisory firm is insuring the continuous operation of the firm through any and all circumstances. On a day to day basis, this may include having adequate computer support partners, backup procedures and data security. It also can include contingency planning in the event of the death or disability of a key employee(s), disaster recovery, information security protocol, etc. RDFA continuously monitors our technological platform for proper client protection, and for potential improvements. We utilize the services of a technology consulting firm to support us in this endeavor.

Record Retention and Destruction: RDFA complies with recordkeeping requirements set forth by the SEC. As a paperless office, we do not anticipate a time when records will be stored off site. However, it is understood that if this is to occur such records must be maintained onsite for at least two years from the end of the fiscal year in which the last change to that record occurred. A complete back-up of information is maintained offsite in order to prevent permanent loss in the event of a catastrophic event. This will be covered further in the Business Continuity and Succession section of this manual.

As a paperless office, many items such as statements, applications, legal documents and other pertinent client information first originates in paper form. When scanned into our computer system, the paper copies are then placed in a locked receptacle awaiting shredding. We utilize an on-site shredding service rather than shredding internally as we believe they will be able to better insure total destruction of the documents.

Disasters: In the event of a disaster (fire, power loss, flood, etc.) we have the ability to access client related information in multiple ways. Each advisor has a PDA device with client contact information, and this device was specifically purchased for the ability to “remote wipe” the contents in the event of loss. Any portfolio modifications that would need to take place can be done through either calling the qualified custodian if internet access is not available, or by placing trades from a remote location.

We are also in the process of moving more and more of our applications to a “cloud based” environment as a protection against unforeseen disasters. This is likely to be a migration that continues over time, with an end goal of being completely “in the cloud” in the next few years. This comes with its own set of data security concerns, and we will develop appropriate security procedures as needed.

Alternate Offices: RDFA maintains no alternate offices. However, all employees are provided “virtual private network” access to our computer system providing the ability to work from home. In the event of the inability to reach our offices, this provides another option to be able to work remotely.

Business Continuity Plan and Information Security Program – continued

Loss of Key Personnel: We utilize a “team approach” to working with clients, so generally a client will have a relationship with more than just one RDFA employee. This has been purposely done in order to provide redundancies in the event that a key employee is not available, and we consider this to be a best practice.

In the event of a death or permanent disability to a key employee, various insurance policies have been purchased to provide an economic benefit to RDFA. This includes buy-sell insurance for the firm principals, key-man insurance and disability buy-out insurance.

We are happy to discuss these insurance policies, and the rationale behind them, with clients so they understand the safeguards that have been put in place.

Information Security: RDFA has information security policies in place, and these permeate our entire compliance program. As indicated in our Privacy Statement on the following page, we take multiple steps to protect client data, secure our office environment, and attempt to insure client information is not placed at undue risk. We are well aware that attacks will take place against these security policies, so we continue to seek out new procedures that may improve upon our existing system.

Business Continuity Plan and Information Security Program – continued

Privacy Statement: The following text is included both here in our Form ADV filing, as well as in the Client Engagement Agreement that all clients sign.

Ritter Daniher Financial Advisory, LLC, an independent financial planning firm, is committed to safeguarding the confidential information of its clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services provided by Ritter Daniher Financial Advisory, LLC.

As you know, we use health and financial information that you provide to us to help you meet your personal financial goals while guarding against any real or perceived infringements of your rights of privacy. Our policy with respect to personal information about you is listed below.

- We limit employee and agent access to information only to those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law. (For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or lawyer.)
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- The categories of nonpublic personal information that we collect from a client depend upon the scope of the client engagement. It will include information about your personal finances, information about your health to the extent that it is needed for the planning process, information about transactions between you and third parties, and information from consumer reporting agencies.
- For unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors, we also require strict confidentiality in our agreements with them and expect them to keep this information private. Federal and state regulators also may review firm records as permitted under law.
- We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about you will be maintained during the time you are a client, and for the required time thereafter that such records are required to be maintained by federal and state securities laws, and consistent with the CFP Board of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.

Management Personnel Supplement (Part 2B of Form ADV)

The following individuals are involved in providing investment management and financial planning advice for RDFA clients:



John K. Ritter, CFP®, CFS

Title: Senior Financial Advisor

Born: February 8, 1972

Recent Experience

07/99 – Present: Ritter Daniher Financial Advisory, LLC – Member and Financial Advisor

07/99 – 11/02: Linsco Private Ledger – Registered Rep and Investment Advisor Representative

1993 – 1999: Resonate, Inc. – Financial Planner

Education

- 1) B.S. in Business Administration from Xavier University, 1994
- 2) Life, Accident & Health Insurance License, 1995
- 3) NASD Series 6 (Investment Company/Variable Products), 1994
- 4) NASD Series 63 (Uniform Securities Agent State Law Exam), 1996
- 5) NASD Series 7 (General Securities Registered Representative), 1997
- 6) NASD Series 65 (Uniform Investment Advisor State Law Exam), 1999
- 7) NASD Series 24 (General Securities Principal), 1999
- 8) Certified Financial Planner (CFP®), 2001
- 9) Certified Fund Specialist (CFS), 2002
- 10) NAPFA Registered Financial Advisor, 2003

All NASD licenses were made “inactive” when RDFA left the broker/dealer system in favor of registering as investment advisors. The licenses then expired on 11/15/2004. They are listed here to indicate studies that were completed over the total time that Mr. Ritter has been a financial advisor.

Management Personnel Supplement (Part 2B of Form ADV) – continued

**Jeffrey E. Daniher, CFP[®], AEP[®], CTFA, CLU**

Title: Senior Financial Advisor

Born: October 5, 1964

Recent Experience

07/99 – Present: Ritter Daniher Financial Advisory, LLC – Member and Financial Advisor

07/99 – 11/02: Linsco Private Ledger – Registered Rep and Investment Advisor Representative

1998 – 1999: Resonate, Inc. – Financial Planner

1991 – 1998: PNC Bank – Assistant Vice President and Trust Officer

1986 – 1991: National City Bank – Trust Officer

Education

- 1) B.A. in Economics (cum laude) from Grove City College, 1986
- 2) M.B.A. in Organizational Behavior from Case Western Reserve, 1991
- 3) National Graduate Trust School, 1994
- 4) Certified Trust and Financial Advisor (CTFA), 1994
- 5) Life, Accident & Health Insurance License, 1998
- 6) NASD Series 7 (General Securities Registered Representative), 1998
- 7) NASD Series 63 (Uniform Securities Agent State Law Exam), 1998
- 8) NASD Series 65 (Uniform Investment Advisor State Law Exam), 1999
- 9) Certified Financial Planner (CFP[®]), 2000
- 10) NAPFA Registered Financial Advisor, 2003
- 11) Chartered Life Underwriter (CLU), 2003
- 12) Accredited Estate Planner (AEP[®]), 2009

All NASD licenses were made “inactive” when RDFA left the broker/dealer system in favor of registering as investment advisors. The licenses then expired on 11/15/2004. They are listed here to indicate studies that were completed over the total time that Mr. Daniher has been a financial advisor.

Management Personnel Supplement (Part 2B of Form ADV) – continued

**Gregory T. Busch, CFP®**

Title: Senior Financial Advisor

Born: July 29, 1955

Recent Experience

2010 – Present: Ritter Daniher Financial Advisory, LLC – Senior Financial Advisor

2006 – 2010: Clarus Financial, LLC – Principal and Owner

2000 – 2006: Clarus Financial, LLC – Financial Advisor

1994 – 2000: City Gospel Mission – Vice President of Finance & Operations

1986 – 1994: Steed Hammond Paul Architects – Associate Vice President

1984 – 1986: Gregory Busch Architect – Owner

1983 – 1984: Windsor Financial Corporation – Development Coordinator

1980 – 1983: Langdon Wilson Architects – Project Administrator

1977 – 1980: Copeland Novak Israel International P.C. – Designer

Education

- 1) B.S. in Architecture from The Ohio State University, 1977
- 2) Master of Architecture (cum laude) from Cal State Polytechnic, 1982
- 3) NASD Series 7 (General Securities Registered Representative), 2000
- 4) Certified Financial Planner (CFP®), 2003
- 5) Life Insurance License, 2006
- 6) NASD Series 63 (Uniform Securities Agent State Law Exam), 2006
- 7) NAPFA Registered Financial Advisor, 2010

All NASD and insurance licenses were made “inactive” when Greg’s previous firm, Clarus Financial, left the broker/dealer system in favor of registering as investment advisors. The licenses then expired on 06/30/2009. They are listed here to indicate studies that were completed over the total time that Mr. Busch has been a financial advisor.

Management Personnel Supplement (Part 2B of Form ADV) – continued

**Ronda L. Koehler, CFP®**

Title: Financial Advisor

Born: August 31, 1968

Recent Experience

2000 – Present: Ritter Daniher Financial Advisory, LLC – Financial Advisor

1998 – 2000: Resonate, Inc. – Investment Processor

1994 – 1998: Deutsche Industrial Products – Accounting, Payroll and Human Resources

Education

- 1) B.A. in Accounting from Cedarville College, 1989
- 2) NASD Series 6 (Investment Company/Variable Products), 1999
- 3) NASD Series 66 (Uniform Combined State Law Exam), 1999
- 4) NASD Series 62 (Corporate Securities Limited Representative), 2000
- 5) Life, Accident & Health Insurance License, 2001
- 6) Certified Financial Paraplanner (RP), 2001
- 7) Certified Financial Planner (CFP®), 2005
- 8) NAPFA Registered Financial Advisor, 2005

All NASD and insurance licenses were made “inactive” when RDFA left the broker/dealer system in favor of registering as investment advisors. The licenses then expired on 11/15/2004. They are listed here to indicate studies that were completed over the total time that Ms. Koehler has been a financial advisor.

Management Personnel Supplement (Part 2B of Form ADV) – continued

**Robert Riccardi, CFP®**

Title: Financial Advisor

Born: August 3, 1964

Recent Experience

2008 – Present: Ritter Daniher Financial Advisory, LLC – Financial Advisor

1993 – 2008: Fidelity Investments, Inc. – Private Access High Net Worth Relationship Manager
and Financial Representative, Brokerage Representative***Education***

- 1) B.A. in Business Administration from Cleveland State University, 1993
- 2) NASD Series 63 (Uniform Securities Agent State Law Exam), 1985
- 3) NASD Series 7 (General Securities Registered Representative), 1985
- 4) NASD Series 9/10 (General Securities Sales Supervisor), 1998
- 5) Certified Financial Planner (CFP®), 2005
- 6) NAPFA Registered Financial Advisor, 2008

All NASD licenses were made “inactive” on 2/1/2008 when Mr. Riccardi left the broker/dealer system. The licenses then expired on 2/1/2010. They are listed here to indicate studies that were completed over the total time that Mr. Riccardi has been a financial advisor.