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**Northstar Financial Advisors Inc**  
**Firm Brochure**

This brochure provides information about the qualifications and business practices of Northstar Financial Advisors (herein Northstar). If you have any questions about the contents of this brochure, please contact us at: 973 228-9330 or E-Mail us at: [northstar@nfai.com](mailto:northstar@nfai.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 about Northstar Financial Advisors Inc also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Northstar is a registered investment advisor however this does not imply a certain level of skill or training.

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**Northstar is no longer eligible to remain SEC registered**

#### **(4) Advisory Business**

Northstar has been in business since 1993 and is a fee-based registered investment advisory and financial planning firm serving individuals, trusts and retirement plans. Northstar's principal owner is Richard E Berse. Mr. Berse is a Lehigh University accounting graduate (BS degree), Certified Public Accountant and holds a Certificate of Educational Achievement in Personal Financial Planning from the American Institute of Certified Public Accountants.

Northstar combines investment advisory and financial planning services in an effort to coordinate and oversee the client's financial picture. We take a diversified cautious approach to investing with the use of mutual funds and individual securities. Advisory services are tailored to the individual needs of clients taking into consideration risk, age, time horizon and other relevant factors. Clients may impose restrictions on investing in certain securities as long as Northstar believes the restriction will not have a material effect on client's overall performance. Assets are managed on both a discretionary and non-discretionary basis. As of January 1, 2012 Northstar had approximately \$29,200,000 and \$10,805,500 of assets managed on a discretionary and non-discretionary basis respectively. Financial planning is provided on either a comprehensive or limited basis depending on clients' needs.

**Northstar does not participate in wrap fee programs.**

#### **(5) Fees and Compensation**

Northstar charges an annual investment advisory fee of one percent (1%) of the market value of the assets being managed. **The annual investment advisory fee is pro-rated and paid quarterly, in arrears,** based on the market value of the assets on the last day of the previous quarter. Generally the required account minimum is \$300,000, however Northstar, at its own discretion or through **negotiation** may charge a lesser advisory fee or accept lesser account sizes based upon certain criteria (i.e. pre-existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount to be managed, related accounts etc.). Advisory fees are generally deducted from clients' assets. Upon request and at Northstar's discretion fees may be billed directly to clients. Clients' may also incur brokerage fees on individual securities and mutual funds. These fees are exclusive of, and in addition to, Northstar's investment advisory fee. In addition to Northstar's investment advisory fee, the client may incur charges imposed at the mutual fund level (i.e. management fees and other fund expenses).

Northstar charges a fee (fixed fee and/or hourly) for financial planning services. These financial planning fees are negotiable, but generally range from \$500 to

\$5,000 on a fixed fee basis depending on the level of service required. The current hourly rate range is between \$250 and \$350. Prior to engaging Northstar to provide financial planning services, the client may be required to enter into a financial planning agreement with Northstar setting forth the terms and conditions of the engagement and describing the scope of the services to be provided. The client is free at all times to accept or reject any financial planning or investment recommendations from Northstar. Client is free to obtain legal, accounting and/or brokerage services to implement any of the recommendations of Northstar. If required by the client, Northstar may recommend the services of other professionals for implementation purposes. However, the client is not obligated to engage the services of any recommended professional. Client retains absolute discretion over all such implementation decisions. Clients are encouraged to review Northstar's financial planning services on an annual basis for the purpose of reviewing/updating Northstar's previous recommendations and/or services. **Client's do not pay fixed fees in advance for financial planning.**

#### **(6) Performance-Based Fees and Side-By-Side Management**

N/A

#### **(7) Types of Clients**

Northstar services individuals, trusts and retirement plans. Generally the required account minimum is \$300,000, however Northstar, at its own discretion or through negotiation may charge a lesser advisory fee or accept lesser account sizes based upon certain criteria (i.e. pre-existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount to be managed, related accounts etc.).

#### **(8) Methods of Analysis, Investment Strategies and Risk of Loss**

Northstar primarily uses fundamental value oriented analysis (value investing) in formulating mainly long term investment decisions. **Fundamental analysis is a methodology of valuing stocks that utilizes financial statements and other available public information to arrive at an independent appraisal of a company. That value is then compared to the market price to determine whether the company is an attractive investment.** Technical, charting and other methods are seldom used but sometimes are implemented after an investment has passed the fundamental test. Within this context Northstar uses asset allocation strategies for portfolio management in an effort to keep portfolios balanced. The main sources of information are financial newspapers including the Wall Street Journal and New York Times business section, independent investment advisory services

(i.e. Morningstar, Value Line etc.), Annual Reports, Company Press Releases, Financial Web Sites, Research Reports, SEC filings etc.

Value investing, like other methods of investing, involves the risk of loss that clients should be prepared to bear. Some of those risks include the occurrence of uncontrollable undesirable outcomes including unknown and unexpected possibilities; The risk associated with inflation and the preservation of the purchasing power of invested capital; Debt securities that are subject to interest rate risk; High yield securities that are corporate debt securities rated below investment grade & are subject to possible default; Tax consequences for short-term holdings periods wherein capital gains are taxed as ordinary income. Faulty analysis of the underlying value of the securities purchased; Overpaying for a security; Rating agency downgrades; The inherent conflict of interest between management and stockholders; Underperformance of market indices et al.

By its nature, financial planning looks to the long-term. After the client's short-term cash needs and emergency fund is evaluated, investment and insurance strategies are designed to help the client achieve his or her financial goals. Casualty insurance (e.g. homeowner's, auto, liability, etc.) is reviewed only at the client's request, and would be provided by an outside casualty firm.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

#### **(9) Disciplinary Information**

N/A

#### **(10) Other Financial Industry Activities and Affiliations**

Richard E Berse as a Certified Public Accountant and 100% owner of Northstar and a related party renders accounting advice/tax preparation services to some of its clients to the extent a client requires accounting advice and/or tax preparation. Northstar if requested will refer services to Richard E Berse CPA PC a Certified Public Accountant or another Certified Public Accounting Firm, all of which services shall be rendered independent of Northstar pursuant to a separate agreement between the client and the Certified Public Accountant. Specifically the accounting firms including Richard E Berse CPA PC will provide accounting and/or tax preparation services to any such clients of Northstar in their own capacities as Certified Public Accountants.

**(11) Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Northstar maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel. **Northstar will provide a copy of the Code of Ethics to any Client or prospective Client upon request.** Clients may request a copy of the Code of Ethics.

The code of ethics is intended to reflect fiduciary principals that govern the conduct of Northstar and its supervised persons in those situations where Northstar acts as an investment advisor as defined under the Advisor Act in providing investment advice to clients. The code of ethics consist of an outline of policies regarding several key areas: standards of conduct and compliance with laws, rules and regulation, protection of material non-public information and personal securities trading. It also consists of specific information and guidance that is provided in Northstar policies and procedures. The Code applies to all “Supervised Persons” of Northstar who act as an investment advisor as defined by the Advisers Act in providing investment advice to advisory clients, unless otherwise noted. The Advisers Act defines “Supervised Person” to mean any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment advisor, or other person who provides investment advice on behalf of the investment advisor and is subject to the supervision and control of the investment advisor.

Firm procedures: In order to implement Northstar’s Investment Policy, the following procedures have been put into place with respect to Northstar and its’ Covered Persons:

If Northstar is purchasing or considering for purchase any security on behalf of Northstar’s client, no Covered Persons may transact in that security until the client purchase has been completed (or if purchased simultaneously in a block trade) by Northstar, or until a decision has been made not to purchase the security on behalf of the client; and if Northstar is selling or considering the sale of any security on behalf of Northstar’s client, no Covered Persons may transact in that security until the sale on behalf of the client has been completed by Northstar, or until a decision has been made not to sell the security on behalf of the client.

Exceptions:

The investment policy has been established recognizing that many securities being considered for purchase and sale on behalf of Northstar’s Clients trade in sufficiently broad markets to permit transactions by Northstar’s Clients or Covered Persons to be completed without any appreciable impact on the markets

of the securities. Under these circumstances exception will be permitted to the policies stated above. Records of these trades will be maintained with Northstar's records.

Mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by Covered Persons are not likely to have an impact on the prices of the fund shares in which client invest, and are therefore not prohibited by Northstar's investment Policy and Procedures.

In accordance with Section 204A of the Investment Advisors Act of 1940, Northstar also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Northstar or any person associated with Northstar.

### **(12) Brokerage Practices**

Northstar currently maintains investment management accounts at TD Ameritrade (herein "TD") & SEI Trust Company (herein "SEI"), a subsidiary of SEI Investment Company, a global asset management company and sponsor of its own proprietary mutual funds. Factors which Northstar considers in recommending TD & SEI to clients include their respective financial strength, reputation, reporting, pricing and research. SEI enables Northstar to obtain many no-load mutual funds without transaction charges that are not otherwise available to the general public. TD enables Northstar to obtain many no-load mutual funds without transaction charges and other no-load mutual funds at nominal transaction charges. TD & SEI charge commission rates for individual debt and equity security transactions, which are generally considered discounted from retail commission rates. Neither Northstar nor its Principal or Associated Persons will receive any portion of the commission and/or transaction fees charged by TD, SEI to the client. In return for effecting securities transactions through TD, SEI, or other designated broker-dealer/custodian, Northstar may receive certain investment research products and/or services which assist Northstar in its investment decision-making process of its clients, all of which transactions shall be in compliance with Section 28 I of the Securities Exchange Act of 1934. Although the commissions paid by Northstar clients shall comply with Northstar's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Northstar determines, in good faith that the commission is reasonable in relation to the value of the brokerage and research received. Northstar has an agreement with CFS Investment Advisory Services, LLC, in which Northstar and "CFS" will work together on specific accounts and share the investment management fee.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best execution, taking into consideration the full range of broker-dealer services, including the value of

research provided, execution capability, commission rates and responsiveness. Accordingly although Northstar will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although investment research products and/or services that may be obtained by Northstar will generally be used to services all of Northstars clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. The fees charged by TD, SEI, are exclusive of, and in addition to, Northstar's investment management fee. In addition Northstar's investment management fee, the client may also incur charges at the mutual fund level (i.e. management fees and other fund expenses). When Northstar uses client brokerage commission to obtain research or other products or services, Northstar receives a benefit as Northstar does not have to produce or pay for the research, products and/or services. Such research is mainly in the form of reports issued by Standard & Poors, Reuters, et al. Services and products include Webinars & other educational events. Northstar may have an incentive to select or recommend a broker-dealer based on Northstar's interest in receiving the research or other products and/or services, rather than the clients interest in receiving the most favorable execution.

Northstar currently requires that client's use TD to execute transactions. Not all advisers have such a requirement. By directing clients to TD Ameritrade Northstar may be unable to achieve the most favorable execution of client transactions. This practice may cost clients more money.

Northstar, whenever possible will aggregate the purchase or sale of securities for various client accounts. Aggregation is the preferred method but there are instances where aggregation is not possible such as availability of client funds, appropriateness of the transaction to the overall client portfolio, client risk tolerance et al.

### **(13) Review of Accounts**

For those clients whom Northstar provides investment management services, account reviews are conducted on a quarterly basis by Northstar's Principal Richard E Berse. All investment management and financial planning clients are encouraged to discuss with Northstar their investment objectives, needs and goals and to keep Northstar informed of any changes regarding the same. All clients are encouraged to either discuss or meet at least annually with Northstar to review financial planning issues, investment objectives and account performance. In addition clients are encouraged to communicate to Northstar any material changes during the year to Northstar can make any appropriate adjustments with regard to the client's investment supervisory services and financial planning services. Northstar will also review accounts on an as needed basis upon client requests.

Northstar provides E-mailed or mailed quarterly performance reporting, billing statements & advisory letters to clients. TD & SEI provide monthly brokerage

statements. Northstar also provides performance, billing, portfolio value and other requested reports upon client's request.

The financial plan is a snapshot in time and no ongoing reviews are conducted. We recommend clients engage us on an annual basis to update the financial plan.

**(14) Client Referrals and Other Compensation**

N/A

**(15) Custody**

**Clients received monthly statements from qualified custodians TD and SEI. Client should carefully review those statements. In addition clients received a quarterly statement from Northstar. Clients should carefully review the custodian statements and compare them to the Northstar statements.**

**(16) Investment Discretion**

Northstar effects discretionary authority to manage securities accounts on behalf of clients under a limited power of attorney. Northstar will not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the Agreement with the client. Clients are free to discuss and may override transactions effected by Northstar's discretionary authority. This may include client requests that certain securities be excluded from client's account and other requests. If client changes are material to the overall account Northstar may decide to terminate the client relationship. Northstar's decision is based on whether the clients account has been materially altered as to not represent the client's own investment objectives. Client's sign a power of attorney to authorize Northstar to act on their behalf with regard to effecting client transactions in TD & SEI accounts.

**(17) Voting Client Securities**

Northstar does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

**(18) Financial Information**

N/A



**(19) Requirements for State-Registered Advisers**

The principal executive officer and stockholder is Richard E Berse (**born 4/29/54**) who has a BS in accounting from Lehigh University – 1972-1976. Business background: Northstar Financial Advisors from 1993 to present – Financial Services. Richard E Berse CPA PC from 1981 to present – Public Accounting.

Mr. Berse splits his business activities approximately 50-50 between the practice of Public Accounting & Investment Advisory & Financial Planning services. Mr. Berse also has a Life/Annuity insurance license, however this activity is limited and not material to his overall business activity.

**Northstar has not been involved in one of the events listed below:**

**An award or othewise being found liable in an arbitration claim alleging damages in excess of \$2,500 involving any of the following:**

- (a) an investment or an investment-related business or activity;**
- (b) fraud, false statement(s), or omissions;**
- (c) theft, embezzlement, or other wrongful taking of property;**
- (d) bribery, forgery, counterfeiting, or extortion; or**
- (e) dishonest, unfair, or unethical practices.**

**An award or othewise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:**

- (a) an investment or an investment-related business or activity;**
- (b) fraud, false statement(s), or omissions;**
- (c) theft, embezzlement, or other wrongful taking of property;**
- (d) bribery, forgery, counterfeiting, or extortion; or**
- (e) dishonest, unfair, or unethical practices.**

**Other than the relationship or arrangement that Northstar has with Richard E Berse, CPA covered in section (10) Northstar has no relationship or arrangement with any issuer of securities.**

**Northstar has not been involved in any material legal or disciplinary events including the following:**

- A criminal or civil action in a domestic, foreign or military court**
- An administrative proceeding befor the SEC, any federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority**
- A self-regulatory organization (SRO)**

Any other hearing or formal adjudication in which a professional attainment, designation, or license was revoked or suspended because of a violation of rules relating to professional conduct. Or resigned or otherwise relinquished the attainment, designation, or license in anticipation of such a hearing or formal adjudication. And the advisor knows, or should have known, of such resignation or relinquishment.

Northstar is not actively engaged in any investment-related business or occupation. Or registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO or CTA.

Richard E Berse as a Certified Public Accountant and 100% owner of Northstar and a related party renders accounting advice/tax preparation services to some of its clients to the extent a client requires accounting advice and/or tax preparation. Northstar if requested will refer services to Richard E Berse CPA PC a Certified Public Accountant or another Certified Public Accounting Firm, all of which services shall be rendered independent of Northstar pursuant to a separate agreement between the client and the Certified Public Accountant. Specifically the accounting firms including Richard E Berse CPA PC will provide accounting and/or tax preparation services to any such clients of Northstar in their own capacities as Certified Public Accountants

Northstar has not been the subject of a bankruptcy petition.