

Item 1 Cover Page

Form ADV, Part 2A

Firm Brochure

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This Firm Brochure provides information about the qualifications and business practices of Heydorn Capital Management LLC. If you have any questions about the contents of this Firm Brochure, please contact us at: 914-752-7300, or by email at: info@heydorncapital.com.

The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. Additional information about Heydorn Capital Management LLC is available on the SEC's website at www.adviserinfo.sec.gov

March 2014

Item 2 Material Changes

This Item only addresses material changes since our last Firm Brochure filed on October 24, 2013. The Firm Brochure in Item 13 has been updated to reflect that Alana M. Stone has assumed the role of Chief Compliance Officer and the fee schedule in Item 5 has been modified.

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Item 4 Advisory Business

Heydorn Capital Management LLC is an independent Registered Investment Adviser (RIA) established in June 2001. The owners are Margaret S. Heydorn and Alana M. Stone.

Heydorn Capital Management LLC (“Heydorn Capital Management”, “HCM”, “we”, “us” or “our”) primarily offers discretionary investment management services to individuals for their individual investment portfolios, for trust accounts on which they are a named trustee, their various retirement plans such as IRAs, Roth IRAs, SEP IRAs or their pension or profit sharing plans, as well as for endowments, foundations and corporations.

In addition, HCM may provide financial planning and consulting services to its clients. Depending on a client’s needs these services could include comprehensive financial planning, retirement planning, planning for college funding, and client 401(k) plan option selection.

Investment Management Services

HCM takes a client-centered approach to developing an investment strategy for each individual client with a focus on determining an appropriate asset allocation to help achieve the client’s financial goals. Individually tailored portfolios are structured based on the investment objectives, time horizon, cash flow needs, restrictions, and risk profile of the client as well as the value of assets under management.

Based on the financial information provided by the client, HCM assists the client in defining their investment goals. Upon review of this information, HCM may recommend suitable investment strategies and investment vehicles for the client. HCM receives investment discretion to implement transactions in the client’s account in line with the objectives and strategy agreed upon. It is understood that HCM provides investment advice to clients with varying objectives and that advice may vary in the timing or nature between clients.

Investments in individual portfolios may include any combination of the following vehicles as appropriate for the client:

- No-load or load-waived mutual funds including
 - a. stock funds comprised of small, medium and large sized companies, both domestic and international, including developed and emerging economies, with varying investment strategies
 - b. bond funds comprised of US corporate, government, or municipal bonds of varying durations as well as international bond funds of both developed and emerging markets
 - c. specialty mutual funds which focus on a particular area or sector of the market such as natural resources, commodities, etc.

- Individual US corporate, governments, municipal bonds, and traded bank certificate of deposits (CDs)
- Exchange Traded Funds (ETF) covering all of the above categories. ETFs are market traded baskets of stocks or bonds focusing on a specific index or sector of the market. These instruments are used to further diversify holdings in a portfolio.

HCM generally does not recommend individual stocks. However, if a client wishes to have a portfolio of individual stocks, HCM is able to recommend a separate account manager from a broad array of styles and firms participating in Charles Schwab & Co., Inc (Schwab) Separate Account Manager Program. A comprehensive review is performed of investment managers selected for this program. These firms are not affiliated with HCM and are selected by HCM based on their suitability in client accounts. Client accounts are managed solely by HCM and manager changes are recommended by HCM as appropriate.

Individual stocks may also be transferred into a client's account at HCM. It is the policy of HCM to liquidate them as soon as practical to transition the account in accordance with the client's strategy. If there are particular stocks that a client wishes to retain, we may accommodate them on an unmanaged basis within the account.

Clients may impose reasonable restrictions on HCM's services which may include restrictions on investing in certain securities or types of securities

Discretionary assets under management as of February 28, 2014 are approximately \$56,200,000. We have no non-discretionary assets under management.

Financial Planning Services:

HCM may provide financial planning services to our clients based on their individual goals and objectives. The client provides HCM with information regarding their current position in terms of investments, insurance, tax, retirement and estate planning.

Upon completion of an analysis of the information provided, HCM may recommend suitable financial planning and investment strategies. These recommendations may focus on one or more of the following areas:

- Comprehensive Financial Planning
- Investment Planning
- Retirement Planning
- College Planning

HCM provides the client with a written report of all the analysis and recommendations based on the extent of the plan required. Implementation of the recommendations is at the discretion of the client.

Item 5 Fees and Compensation

HCM's investment advisory fees are generally based on a percentage of assets under management. Fees are billed quarterly in arrears based on the market value on the last day of the quarter, adjusted for contributions and withdrawals that equal or exceed ten percent (10%) of the market value on the day prior to the addition or withdrawal during the quarter. We reserve the right, in our sole discretion, to negotiate fees under special circumstances.

HCM's standard fee schedule is:

1.00% per annum on the first \$1,000,000 of assets under management
0.75% per annum on the next \$2,000,000 of assets under management
0.50% per annum on the next \$2,000,000 of assets under management
0.25% per annum on the balance over \$5,000,000 under management

Minimum quarterly fee \$625

It is HCMs policy to debit management fees directly from client accounts. If a client has more than one account, HCM may be instructed to debit fees for all accounts from one account. Fees for partial quarters, such as the initial quarter, are pro-rated for the period the funds were managed. In certain circumstances HCM may accept payment of management fees by check. An additional administrative fee of \$25 per quarter is charged for this accommodation. If payment by check is not made by the end of the second month following the quarter end, HCM reserves the right to debit management fees directly from the account.

HCM has entered into an agreement with Charles Schwab & Co., Inc. (Schwab) to provide custodial services to its clients. Trading executions are predominantly done through Schwab. The client may incur charges imposed directly by the custodian of the client's account, transaction charges imposed by the broker-dealer executing securities transactions for the client's account, and fees and expenses imposed directly by mutual funds held in or for the client's account. The fees and expenses imposed by mutual funds are described in each fund's prospectus, and will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. The client should review both the fees charged by the funds and the fees charged by HCM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. For further discussion concerning HCM's brokerage practices, please see Item 12 of this Firm Brochure.

HCM does not receive any portion of fees charged by Schwab or any other broker.

For Financial Planning and other consulting services provided to our clients, HCM charges an hourly fee. Consulting services are billed at an hourly rate of \$150 per hour with a minimum of \$600, or a one-time fixed fee that may be negotiated based on the time and complexity of the project. Hourly fees are billed monthly. Fixed fees are billed at one half of the agreed upon amount at the inception of the project with the balance due upon presentation to the client. The client is responsible for implementing in whole or in part any recommendation made by HCM.

Item 6 Performance Based Fees

Heydorn Capital Management does not provide any services for performance-based fees. Performance-based fees are those based on a share of the capital gains on or capital appreciation of the assets of a client.

Item 7 Types of clients

Heydorn Capital Management provides investment advisory services to individuals, high net worth individuals, trustees, pension and profit sharing plans, and charitable organizations.

The minimum investment relationship size is \$250,000.00. Minimum requirement exceptions may be made if the account is part of an existing client relationship or if additional deposits will be made within a reasonable time frame.

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

Methods of Analysis

HCM's investment selection process include both a qualitative and quantitative approach utilizing various industry tools, websites, periodicals, annual reports, prospectuses, SEC filings, and research prepared by others such as Morningstar Principia Pro, Schwab Institutional Research, Wall Street Journal Market Data, Stock Charts, Bloomberg, and others.

No-load Mutual Funds and Closed End Funds

HCM may select mutual funds on the basis of any or all of the following criteria: historical performance, risk profile, investment style and philosophy, sector allocation, portfolio manager's track record, and the fund's fee structure.

Stock and bond mutual funds that are in the top quartile are screened and sorted by strategy (domestic, global, and international; large, mid and small cap) and by style (growth, value, or blend.) Performance is reviewed over 3, 5, and 10 year periods

seeking funds that beat peer funds and their relevant index, and those who demonstrate consistent performance. Funds are then evaluated on their risk vs. return profile and those offering the lowest risk and highest return are selected for further review.

The expertise and track record of the fund's portfolio manager(s) is researched taking into consideration the length of time he/she has managed the fund and prior fund management history, if any. The largest sectors and top 10 holdings of the portfolio are also reviewed to confirm the fund's asset class and style classification and assess the volatility of the holdings. We monitor any major change to the fund's investment guidelines or portfolio management structure. The change is evaluated and HCM makes a decision whether to sell the fund immediately or place on a watch list for further evaluation. HCM also may participate in selected interviews and conference calls with fund managers and may meet with fund representatives periodically to get updates and review offerings.

Individual corporate, governments and municipal bonds, and marketable bank Certificate of Deposits

HCM receives its primary research on individual bonds from the Schwab Institutional Bond Trading desk and has access to other secondary bond brokers. Bonds are viewed by type, maturity, and credit rating. Additional research is performed on the underlying company, agency, or municipality. Bonds are generally held to maturity in a laddered bond portfolio with monitoring of risk but may also be sold prior to maturity as appropriate.

Exchange Traded Funds (ETFs)

ETFs are used in portfolios where specific index funds are appropriate or to provide additional diversification to specific areas of the market. Research sources and procedures similar to those used for mutual funds are used.

Investment Strategies

The primary investment strategy used at Heydorn Capital Management is diversification through asset allocation. With adequate diversification portfolio volatility may be reduced over time to allow more consistent investment performance with less risk.

HCM uses a combination of a strategic and a tactical approach to asset allocation. The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The overall strategy for the client should remain constant unless there are material changes to the client's objectives or circumstances – this is the strategic allocation. However, based on the market conditions or short term needs of the client we may need to shift the allocation – this is the tactical allocation.

HCM uses six asset allocation models ranging from the most aggressive all equity allocation to the most conservative capital preservation allocation model. A target allocation creates the baseline position for the portfolio, the strategic allocation. Target

minimum and maximum ranges provide the tactical leeway allowed within the model based on market or temporary conditions without changing the overall objective driving the asset allocation. If a client's overall objectives or circumstances have changed we may adjust the overall strategy and change the asset allocation model as appropriate. The client may change these objectives at any time.

Individual stocks may be transferred into a client's account at HCM. It is the policy of HCM to liquidate them as soon as practical to transition the account in accordance with HCM's strategy. If there are particular stocks that a client wishes to retain, it is generally accommodated on an unmanaged basis within the account and is included on the client's statement of holdings in an "unmanaged" category.

HCM investment strategies are designed for long-term investors and are not appropriate for investors who want to engage in short term trading of mutual funds or frequently move among investment managers in anticipation of or in reaction to short-term market trends. HCM recommends that investors carefully review the investment risks and tax consequences inherent in any investment strategy before it is implemented.

Risk of Loss

All investments have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind and having a well-diversified portfolio across many asset classes is an attempt to mitigate them. However, investing in securities involves risk of loss that all clients should be prepared to bear. All investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause bond prices to fluctuate. For example, if interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of any security - bond, stock, mutual fund, or ETF - may drop in reaction to events and conditions caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and environmental conditions may trigger market events.
- **Inflation Risk:** If any type of inflation is present, a dollar today may not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate is not.
- **Financial Risk:** Excessive borrowing to finance business operations increases the risk of profitability, because companies must meet the terms of their obligations in good times and bad. During periods of financial stress, the inability to obtain loans or meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 Disciplinary Information

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There are no legal or disciplinary events relating to Heydorn Capital Management.

Item 10 Other Financial Industry Activities and Affiliations

Heydorn Capital Management does not have any information to disclose under Item 10.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Heydorn Capital Management has adopted a Code of Ethics designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”). This Code establishes rules of conduct for all representatives of HCM and is designed to govern personal securities trading activities in the accounts of representatives. The Code is based upon the principle that HCM and its representatives owe a fiduciary duty to our clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid serving their own personal interests ahead of clients, avoid taking inappropriate advantage of their position with the firm, and avoid any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

Pursuant to Section 206 of the Advisers Act, HCM and its representatives are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that the HCM has an affirmative duty of utmost good faith to act solely in the best interest of its clients. HCM and its representatives are subject to the following specific fiduciary obligations when dealing with clients:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to obtain best execution for a client's transactions where the Firm is in a position to direct brokerage transactions for the client;
- The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs and circumstances; and
- A duty to be loyal to clients.

In meeting its fiduciary responsibilities to its clients, HCM expects every representative to demonstrate the highest standards of ethical conduct for continued employment with HCM. The provisions of the Code are not all-inclusive. Rather, they are intended as a guide for representatives of HCM in their conduct.

A copy of Heydorn Capital Managements Code of Ethics will be provided upon request to clients or prospective clients.

Personal Trading - HCM and its representatives may buy or sell securities that are also held by clients. Representatives of HCM are required to maintain their account and accounts over which they have investment authority at HCM or to provide quarterly transaction reports. HCM may review personal trading to ensure no violations of the code have occurred. However, the insignificantly small trades of HCM representatives in mutual funds, individual bonds, or exchange-traded funds are not expected to affect the securities markets.

Item 12 Brokerage Practices

The HCM recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co. to maintain custody of clients' assets and to process trades for their accounts. HCM is independently owned and operated and not affiliated with Schwab. Schwab provides HCM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. Schwab's services include trade execution, custody, research, and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. HCM may use an alternate broker-dealer for client accounts. In that case HCM may evaluate the reasonableness of commissions, other costs of trading, ability to facilitate trades, computer trading support and other operational considerations evaluate the use of alternate broker-dealers. HCM does not share in any commissions from Charles Schwab or any other securities broker-dealer.

Research and other benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian such as Charles Schwab, Heydorn Capital Management may receive from that broker-dealer/custodian, or have access to, investment research and other practice support materials. These items may be available to Heydorn Capital Management as a result of Heydorn Capital

Management executing client securities transactions through that broker-dealer or Heydorn Capital Management's clients utilizing that company to provide custodial services. These items may be in the form of research reports and other securities analysis products, and various written publications on topics relates to Heydorn Capital Management's practice. Heydorn Capital Management anticipates that any such items will generally be used to service all of Heydorn Capital Management's clients.

The foregoing may be perceived to be a conflict of interest. When Heydorn Capital Management receives a benefit from a broker-dealer or custodian it does not have to produce or pay for that benefit. Heydorn Capital Management arguably would have an incentive to select or recommend a broker-dealer based on Heydorn Capital Management's interest in receiving the benefit(s), rather than on the client's interest in receiving most favorable execution. However, the firm feels that it has addressed this conflict because Heydorn Capital Management's clients do not pay more for investment transactions effected and/or assets maintained at a particular broker-dealer or custodian as result of Heydorn Capital Management's receipt of such benefit(s). There is no corresponding commitment made by Heydorn Capital Management any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of Heydorn Capital Management receiving these benefits. Further, the benefits received are available to any investment manager executing securities transactions through the broker-dealer, regardless of the volume of execution.

Item 13 Review of Accounts

The underlying securities in client accounts are continuously monitored. Overall client portfolios are reviewed periodically or if triggered by a material event, to ensure that they are in line with the client's investment objectives and guidelines. Changes to the holdings and asset allocation within client guidelines are made as appropriate.

A review of client accounts is conducted periodically with the client, or whenever client objectives or circumstances have changed. Clients are reminded quarterly to advise HCM if their objectives or circumstances have changed.

Margaret S. Heydorn, Founding Partner and Alana M. Stone, Partner and Chief Compliance Officer review client accounts in accordance with the above procedures.

Item 14 Client Referrals and Other Compensation

Heydorn Capital Management does not have any information to disclose under Item 14.

Item 15 Custody

HCM has entered into an agreement with Charles Schwab & Co., Inc. (Schwab) to provide custodial services to its clients. Charles Schwab & Co has physical custody of client assets. Schwab is authorized by the client to deduct and direct payment of HCM's advisory fee directly from the client's custodial account. We may be deemed to have custody solely because we may deduct our advisory fee directly from client accounts. Each client should receive account statements directly from the broker on at least a quarterly basis. Each client should carefully review those statements. In addition to reports from the custodian, Heydorn Capital Management may provide a quarterly performance reporting package to clients. The clients are urged to compare custodian statements with HCM statements and rely solely upon the reports issued by the Schwab or other broker-dealer and/or custodians of the assets.

Item 16 Investment Discretion

HCM's investment management services may be provided on a discretionary basis. Where HCM has discretionary management authority we will be authorized to determine the securities to be bought or sold for the client's account(s), the amount of securities to be brought or sold, and the broker or dealer to be used to execute client securities transactions.

Each client may request reasonable limitations be placed on HCM's discretionary authority, such as securities or market sector based limitations.

HCM's Investment Advisory Agreement and the agreement between the client and the custodian/broker-dealer such as Schwab for the account, may grant discretionary authority to HCM. The client's written agreement with the custodian also grants a limited power of attorney to HCM to effect transactions in the client's custodial account.

Item 17 Voting Client Securities

HCM does not vote proxies on behalf of its clients. Clients should receive proxy notifications or other solicitations directly from the custodian or transfer agent. The client is solely responsible for voting such proxies or directing how such proxies shall be voted. The client may contact HCM with questions about a specific solicitation.

Item 18 Financial Information

HCM does not have any financial impairment that precludes the firm from meeting contractual commitments to clients.