

Item 1 – Cover Page

First Financial Advisors, LLC

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This brochure provides information about the qualifications and business practices of First Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (904) 264-3095. 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 First Financial Advisors, LLC is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for First Financial Advisors, LLC. You may search for information by using the firm's CRD number. The CRD number for First Financial Advisors, LLC is 134897.

*Registration as an investment advisor does not imply a certain level of skill or training.

Item 2 – Material Changes

There have been no material changes since our last annual update was filed in March 2012. We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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Item 4 – Advisory Business

Ownership

First Financial Advisors, LLC (“Advisor” or “we”) is an investment advisor registered with the Securities and Exchange Commission since March 2008. We are a limited liability company formed under the laws of the State of Florida. Lewis W. Burge is the sole member (owner).

General Description of Primary Advisory Services

We offer personalized investment advisory services including financial planning, asset management and referrals to third-party money managers. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly.

Financial Planning Services

Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

We offer advisory services in the form of comprehensive and modular (segmented) financial plans. These services do not involve actively managing client accounts. Instead, comprehensive planning services focus on a client’s overall financial situation. Modular planning services and consultations focus on specific areas of client concern.

Asset Management Services

We offer investment management services providing clients with continuous and on-going supervision over their accounts. This means that we continuously monitor a client’s account and make trades in that account when necessary.

Use of Third Party Money Managers

We offer advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

Developing Relationships

Our main method of developing relationships with potential clients is by holding joint workshops with First Financial Education Centers, LLC, an insurance agency and educational training center. Lewis W. Burge, Jr., our President and an investment advisor representative, is affiliated with First Financial Education Centers, LLC. (See **Item 10, Other Financial Industry Activities and Affiliations**, for additional discussion on this relationship.) These workshops cover a variety of topics including, but not limited to, retirement income planning, retirement distribution planning, estate planning, tax planning, liability management, cash flow management and asset management.

At the end of the workshops, we offer attendees a one-hour, no obligation consultation to discuss their current financial situation. This consultation is primarily a data gathering meeting. During the one-hour consultation, the attendees (and potential clients) are given our Form ADV Disclosure Brochure, our client

agreements and other applicable disclosure documents. In addition, one of our investment advisor representatives (“representatives”) determines whether or not we can assist the attendee (and potential client) in trying to meeting their goals and objectives. If we feel we cannot offer further assistance, then we assist the attendee as much as possible in other ways during the consultation.

If we determine we can be of further assistance to the attendee (and potential client) we do an in-depth analysis of the attendee’s financial affairs. This in-depth analysis normally takes three to six hours to prepare. We then schedule a follow-up appointment at the end of the first consultation.

During the follow-up consultation, we show the potential client the results of our analysis and discuss items we believe have been completed as well as those needing attention. After this meeting, the potential client determines whether or not to continue the relationship.

If the client wishes to continue the relationship, a third meeting is scheduled where we provide recommendations and a plan for implementing and monitoring the action steps taken. At this meeting, we also discuss our specific fees, commissions and conflicts of interests relating to the client’s situation and financial affairs.

We also develop client relationships by working with other financial advisors and receiving referrals from them. (See **Item 14, Client Referrals and Other Compensation**, for additional discussion for additional discussion on these referral relationships.)

Limits Advice to Certain Types of Investments

We provide investment advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Option contracts on securities
- Interests in partnerships investing in real estate

We reserve the right to offer advice on any investment product that may be suitable for each client’s specific circumstances, needs, goals and objectives. Please refer to **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss**, for additional information.

Tailor Advisor Services to Individual Needs of Clients

Our services are always provided based on your specific needs. You have the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Wrap-Fee Program versus Portfolio Management Program

In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. We do not act as a portfolio manager of or sponsor wrap fee programs.

Client Assets Managed by Advisor

The amount of clients assets managed by Advisor totaled \$35,355,419.16 as of December 31, 2012, all managed on a discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provide in **Item 4, Advisory Business**, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

Financial Planning

We offer full financial planning services based on your specific needs and concerns. Financial planning services can include, but are not limited to:

- Estate Planning Analysis
- Estate Planning Projections
- Retirement Planning Analysis
- Retirement Planning Projections
- Asset Allocation Analysis
- Liability Planning
- Cash Flow Analysis
- ERISA Retirement Plan Consulting
- ERISA Retirement Plan Advice
- College Education Planning
- Long Term Care Analysis
- Tax Planning Analysis
- Tax Planning Projections

Financial plans can be either oral or written. We collect information and documentation from you as necessary to provide the requested financial plan. We rely on the information you provide. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information you supply.

Our services do not include legal or tax advice. You are urged to work closely with your attorney, accountant or other professionals regarding your financial and personal situation. It is also your responsibility to notify us if there are any changes in your financial situation or investment objectives so that we can help you determine whether our advice and recommendations to you are affected. If changes do occur, you determine whether or not to engage us to review, evaluate and revise our previous recommendations.

Fees for financial planning services are usually billed as an hourly charge but can also be billed as a fixed fee. Hourly fees are billed at \$200 per hour and you are billed the actual time spent on the requested services. We provide an estimate of the hours needed to complete the requested plan. If the actual hours needed exceed the original estimate, we contact you before proceeding with any additional work.

Fixed fees generally range from \$2,000 to \$5,000 and are negotiable based on the complexity of your financial situation, the level and scope of the requested services, our relationship and history with you and other advisory services that we may provide to you. Both hourly and fixed fees are due upon presentation of the plan and receipt of our billing statement.

Financial planning services terminate upon presentation of the plan. Either party may terminate services prior to completion by providing written notice to the other party. Termination is effective upon receipt of the notice. If notice of termination is received within five days of signing the client agreement, services are terminated without penalty. You are responsible for the actual time spent on the requested plan to the effective date of termination and are billed at our standard \$200 per hour rate. We send you a billing statement detailing the time spent and fees due.

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any financial planning recommendations made by our representatives. If you do decide to implement our recommendations, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or insurance agent to implement our recommendations. If you elect to have us implement our recommendations, we do so through our asset management services described elsewhere in this Disclosure Brochure.

Our recommendations may include the purchase of insurance products (i.e., life insurance, annuities, etc.) that pay commissions. We recommend that you purchase insurance products through First Financial Education Centers, LLC ("First Financial"), an insurance agency. First Financial would benefit from these recommendations through commissions earned on any insurance products purchased through it. Lewis W. Burge, Jr., our President and an investment advisor representative, is affiliated with First Financial and is also licensed as an insurance agent with First Financial. As an agent, Mr. Burge can earn commissions when selling insurance products. But if you elect to have Mr. Burge implement our recommendations regarding the purchase of insurance products, neither we nor he will receive commissions for the transactions implemented through First Financial. However, he does receive monthly compensation from First Financial for his role as an executive and trainer. This is a conflict of interest. Please see **Item 10, Other Financial Activities and Affiliations**, for additional discussion on this conflict of interest. Although we have an economic benefit to recommend insurance products, we strive to do so only when in your best interest as part of a comprehensive financial plan. You should be aware that you can find comparable insurance products from other sources at a lower cost.

Asset Management

When providing asset management services, we offer a variety of Individual Managed Accounts ("IMA") programs, platforms and portfolios. We utilize exchange traded funds ("ETFs") traded on major stock exchanges. ETFs generally have lower expenses than mutual fund investments. We may invest in a variety of ETFs available in the marketplace today and also in ETFs that may become registered in the future. The major ETFs currently utilized are: iShares, Wisdom Tree, State Street Global Advisors, Vanguard, Rydex, and Powershares. However, at our discretion, we may use other ETFs as well.

All portfolios are strategically designed to hold ETFs and also incorporate your existing account positions. We design a portfolio around those existing positions as follows:

- The Income IMA portfolio has an equity weighting of 35% to 45% invested in ETFs with the remainder in fixed income and cash.
- The Growth and Income IMA portfolio has an equity weighting of 45% to 55% invested in ETFs with the remainder in fixed income and cash.
- The Growth IMA portfolio has an equity weighting of 55% to 65% invested in ETFs with the remainder in fixed income and cash.

With regard to the equity position in any portfolio, you have the flexibility to choose or move between Value, Core, or Growth ETFs. In addition, we may occasionally invest at a moderately conservative level

in more specialized asset categories including, but not limited to, commodities, market neutral strategies, inverse market strategies, emerging markets, international small cap and global bonds.

We recommend that your assets be maintained in a brokerage account with Charles Schwab Institutional, a division of Charles Schwab & Co., Inc. (Charles Schwab), a registered broker/dealer and member SIPC. (See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Charles Schwab.) However, you are free to select any account custodian you wish as long as we approve that selected custodian. We assist you in establishing a managed account through Charles Schwab, Fidelity or another qualified custodian that you select. We require a minimum of \$2,000 to establish an account, although we may waive or reduce this minimum at our discretion (i.e., systematic deposits). In addition, you can bundle household accounts to reach the minimum requirement. The qualified account custodian maintains custody of your funds and securities. We do not act as custodian and do not have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization.

You grant us trading authorization on your accounts and we provide management services on a discretionary basis only. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority and this authorization is contained in the client agreement. You can place reasonable restrictions and limitations on the discretionary authority. See **Item 16, Investment Discretion**, for additional discussion on discretionary authority.

Fees for management services are billed quarterly in advance and calculated as a percentage of assets under management as of the beginning of the quarter and based on the following fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$2,000,000	1.25%
Next \$3,000,000	0.75%
Next \$5,000,000	0.50%
Over \$10,000,000	0.25%

Fees are negotiable based on the actual assets and composition of assets under management, other advisory services provided by us, the complexity of your financial situation, our relationships and history with you and the number of accounts we manage for you or a related person. In addition, you can bundle household accounts to reach a higher account total and therefore a lower fee charge. For accounts created mid-quarter, fees are prorated based on the number of days that services are provided during the quarter. The first billing day will be the day the account is fully funded. Trust accounts with separate tax identification numbers are billed as one household account and cannot be combined with other accounts for fee reductions.

Fees are automatically deducted from an account designated by you and paid directly to us by the account custodian. You must provide the account custodian with written authorization to have the fees deducted from the account and paid directly to us. If deducted from the account, we send you a billing statement at the same time that we send one to the account custodian. The billing statement will detail the formula used to calculate the fee, the assets under management and the time period covered. At least quarterly, you receive an account statement from your account custodian detailing transactions in your account, including advisory fees charged. You should review the account statements received from the account custodian and verify that appropriate advisory fees are being deducted. The custodian does not verify the accuracy of the advisory fees deducted.

Charles Schwab generally does not charge separately for maintaining custody of your accounts but other qualified custodians selected by you may charge a separate custody fee. However, any account custodian may charge brokerage commissions and/or transaction fees directly to you. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you may incur

certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each security prospectus.

Either party may terminate services at any time by providing written notice to the other party. If services are terminated within five business days of signing the client agreement, services are terminated without penalty and no fees are charged. After the initial five business days, termination is effective thirty days after receipt of written notice. You receive a pro-rata refund of any unearned fees based on the number of days that services were provide in the quarter prior to the effective date of termination.

You should be aware that management services billed as a percentage of assets managed could still lead to potential conflicts of interest between us. For example, conflicts could arise relating to financial decisions in life such as incurring or paying down debt; gifting to charities or individuals; purchasing a home, car or other non-investment assets; purchasing a lifetime immediate annuity; travel or other expenditures; investments in private equity programs (private real estate ventures, closely held businesses, etc.); and placing funds in non-managed cash reserve accounts. Our goal is that our recommendations are always made with your best interests in mind, disregarding any impact the decision has on us.

Referrals to Other Money Managers

We act a solicitor and may refer you to unaffiliated third party investment advisors offering asset management and other investment advisory services. We perform due diligence in selecting the third party money managers recommended. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Through this service, we assist you in identifying your risk tolerance and investment objectives and then recommend money managers relative to those objectives and tolerances. You select a recommended third party investment advisor based on your needs and enter into an agreement directly with the selected advisor, who provides the asset management services. In some instances, we may serve as a sub-advisor to your account because we are responsible for the initial and on-going suitability review and also responsible for maintaining your current information. However, we do not have trading authority with respect to your account with the money manager(s), do not have any discretionary authority and are not responsible for the investment selection or trade implementation in your accounts. Third-party investment advisors may take discretionary authority to determine the securities to be purchased and sold for you. Our representatives are available to answer questions regarding your account and also act as the communication conduit between you and the third-party investment advisors.

Third party managed programs generally have account minimum requirements and these minimum requirements vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third party investment advisor's services, fee schedules and account minimums are disclosed in the third party investment advisor's Disclosure Brochure that is provided to clients at the time an agreement for services is executed and an account established. The type and frequency of reports provided to clients will also depend upon the third party investment advisor selected.

When referring clients to third party money managers, we are paid a portion of the fee generated from the referred clients. You do not pay us directly for this service. In some instances, we receive a percentage of the fee the money managers charges to you. In other cases, we receive a fee from the money manager based on a percentage of the total assets managed by the money manager as a result of our referrals. These fees are negotiated between us and the money manager. Although the various money

managers may negotiate the fee charged for management services with you (as disclosed in the client agreement signed by you and the money manager), our portion of the fee received is non-negotiable with you. This fee does not appear as a direct cost to you but the third party money manager takes it into consideration when determining the total fee charged to you. The third party money manager also considers other factors when determining the fee, such as the amount of assets under management and the number of client accounts. All fees are calculated and charged by the money manager and the money manager will be responsible for paying our portion of the fee to us. Depending upon the money manager selected, fees range from 1% to 2.5% and we receive 20% to 65% of the fee charged to you.

While we review the performance of numerous third-party investment advisor firms, we have entered into a relationship with and will generally only recommend:

- Curian Capital
- Clark Capital
- Frontier Asset Management
- Hanlon Investments
- John Hancock
- Symmetry

Third party investment advisors recommended by us must be registered or exempt from registration in the state where you reside. You are advised that our Advisor's representatives may have a conflict of interest by only offering those third party investment advisors that have agreed to pay a portion of their advisory fee to us. You are advised that there may be other third party managed programs that may be suitable to you and that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

Additional Compensation

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. We endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact our judgment when making advisory recommendations.

Comparable Services

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

Item 7 – Types of Clients

We provide investment advice to the following types of clients:

- Individuals (including high-net worth individuals)
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

Minimum Investment Amounts Required

We require a minimum of \$2,000 to establish a managed account, although we may waive or reduce this minimum at our discretion (i.e., systematic deposits). In addition, you can bundle household accounts to reach the minimum requirement.

Third party money managers may have minimum account and minimum fee requirements in order to participate in their programs. These minimums will be disclosed in their Form ADV Disclosure Brochure.

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

Methods of Analysis

We use fundamental, technical and charting analysis when considering investment strategies and recommendations for clients.

Fundamental

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical

This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Charting

Charting is a technical analysis that charts the patterns of stocks, bonds and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

Primary Method of Analysis or Strategy

Our primary method of analysis or strategy is fundamental. Some of the risks involved with using this method include market loss, ETF risk, and fixed income risk. Our portfolios are a combination of indexes, which contain hundreds of individual positions, so we may have five to fifteen ETF's positions, these represent thousands of individual stocks. Although we do not trade frequently, there are also brokerage cost involved in purchasing the individual ETF positions. See also, **Item 5, Fees and Compensation**, for additional discussion on our strategy and analysis methods when managing assets.

Investment Strategies

When implement investment advice, our investment strategies include long term purchases (investments held at least a year) and short term purchases (investments sold within a year). We gather information from financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectus and other filings with the Securities and Exchange Commission and company press releases.

Risk of Loss

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.

- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

Primarily Recommend One Type of Security

We primarily recommend only one type of security, Exchange Traded Funds (ETFs). Some of the risks involved with only recommending this type of security include market risk, ETF risk, equity and fixed income risk and management risk. We feel that ETFs are a lower cost alternative to mutual funds and have more diversification.

Item 9 – Disciplinary Information

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

Item 10 – Other Financial Industry Activities and Affiliations

Advisor does not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- A investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships

We are an independent registered investment registered advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than

investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

Lewis W. Burge, Jr., Advisor's President and an investment advisor representative, is also affiliated with First Financial Education Centers, LLC ("First Financial"). In addition to being an insurance agency, First Financial provides general financial and retirement planning educational workshops. First Financial also but provides training to financial and insurance professionals in professionally and ethically fulfilling their fiduciary duties to clients relative to financial and estate planning. First Financial is not a registered investment advisor.

Mr. Burge is an executive with First Financial, provides some of the training workshops (as an independent contractor) and is also licensed as an insurance agent through the firm. He is also actively involved in seeking and serving new clients for First Financial. He receives compensation for the educational workshops and training he provides.

First Financial provides office space, office supplies, office equipment, computers, telephones, postage and the use of office personnel to Advisor. First Financial also refers clients needing investment advice to Advisor but Advisor does not compensate First Financial for these referrals. (See **Item 14, Client Referrals and Other Compensation**, for additional information.) In addition, the owner of First Financial also owns The Mailing House, an advertising and marketing firm, and Advisor may pay The Mailing House for advertising and marketing services received.

Advisor's representatives, including Mr. Burge, may recommend that clients purchase insurance and/or annuity products through First Financial. First Financial would benefit financially from these recommendations. While Advisor does not earn commission or direct compensation as a result of insurance sales, Mr. Burge may earn commissions in his separate capacity as a licensed insurance agent. In addition, he indirectly benefits from the sale of insurance products through First Financial because he receives monthly compensation as an officer and trainer. You should be aware that receiving commissions and additional compensation creates a conflict of interest and may affect the independent judgment of Mr. Burge when making recommendations about insurance products and annuities (both in general and a specific product or insurance company). You are under no obligation to direct insurance transactions to First Financial or Mr. Burge. Suitable insurance and investment products may be available from other companies

One or more of our representatives or their firms may be members in other organizations such as the Better Business Bureau or professional associations commonly known as trade organizations. The primary purpose of these affiliations is to give assurances to clients as to the integrity of the financial advisor. There are no assurances that an investor who chooses a member of the Better Business Bureau or a member of a professional association (trade organization) will be protected against an unethical financial advisor.

Our representatives have other businesses that may include life, health and annuity insurance agencies, property and casualty insurance agencies, real estate businesses, business brokerage, mortgage companies, and other businesses whereby they have a financial incentive either directly or indirectly to refer you to these other businesses that they have ownership in or where they receive financial remuneration. You are advised to consider, whether referrals to these other businesses, are subjective and constitute a conflict of interest, or constitute a disadvantage to them. You are free to use other businesses offering comparable services that also may offer these comparable services at a lower cost.

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

Code of Ethics Summary

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. We have established a Code of Ethics that applies to all of our associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of clients at all times. We have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics, which also covers our insider trading and personal securities transactions policies and procedures. Advisor requires all supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Once employed by or affiliated with us, and at least annually thereafter, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics. We have the responsibility to make sure that the interests of all clients are placed ahead of our own investment interests. Full disclosure of all material facts and potential conflicts of interest is provided to you prior to any services being conducted. We and our supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect its duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if you wish to review our Code of Ethics in its entirety, a copy is provided promptly upon request.

Participation in Client Transactions and Personal Trading

We may buy or sell securities or have an interest or position in a security for our personal accounts that is also recommend to clients. We are and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, we have developed written supervisory procedures that include personal investment and trading policies for representatives, employees and their immediate family members (collectively, associated persons). These procedures were distributed to all associated persons, and the associated persons acknowledged they have read, understand and agree to abide by our policies and procedures. The policies include:

- Associated persons cannot prefer their own interests to that of the client
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry
- We maintain a list of all securities holdings for the firm and all associated persons; this list is reviewed on a regular basis by our Chief Compliance Officer

Any associated persons not observing our policies, or violating any applicable state and federal advisory practice regulations, is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

If you wish to implement our advice, you are free to select any broker/dealer or investment advisor you wish and are so informed. If we assist you in implementing any recommendations, we have a duty to ensure that you receive the best execution possible. Best execution does not necessarily mean the lowest price but includes the overall services received from a broker/dealer.

You should understand that not all investment advisors require the use of a particular broker/dealer. While we attempt to seek best execution for client accounts, we may be unable to achieve the most favorable execution of your transactions if you direct the use of a specific custodian. There may be other platforms that are less expensive and may provide faster execution capabilities. We do not have any soft dollar arrangements with any third party.

We recommend you establish a brokerage account at Charles Schwab. We are not affiliated with Charles Schwab in any way. Charles Schwab provides us with access to their institutional trading and custody services, which are typically not available to retail investors. These services are generally available to us on an unsolicited basis at no charge as long as we have a total of at least \$10 million in client assets maintained at Charles Schwab. The services are not contingent upon our committing any specific amount of business (assets in custody or trading). The services from Charles Schwab include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Charles Schwab also makes available to us other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at Charles Schwab. Charles Schwab also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing

In addition, Charles Schwab may make available, arrange and/or pay for these types of services rendered to us by independent third party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation that you maintain your assets in accounts at Charles Schwab may be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Charles Schwab. This may create a potential conflict of interest.

You are under no obligation to act on our recommendations. You may select a broker/dealer or account custodian other than Charles Schwab as long as we approve that custodian. Other custodians may offer comparable services for lower costs. When you direct us to use a particular broker/dealer or other custodian, we may not be able to obtain the best price and execution for the transaction. If you direct the use of a particular broker/dealer or custodian, you may receive less favorable prices than would otherwise be the case if you had not designated a particular broker/dealer or custodian. Further, we may place directed trades after effecting non-directed trades.

Trade Errors

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade

error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and we absorb any loss resulting from the trade error if we caused error. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. We may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons). We never benefit or profit from trade errors.

Block Trading Policy

Block trades are done when we make changes to the portfolio and it affects a group of our clients. The software rebalances a portfolio model group to custom target asset allocation and generates the corresponding trade list from validation and execution. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation or remuneration as a result of blocking trades.

Item 13 – Review of Accounts

Account Reviews

Financial planning services terminate upon presentation of the plan and no reviews are conducted for those accounts. However, we recommend that you have a review and update of your financial situation at least annually. If you elect this review and update, a new client agreement must be signed and additional fees are charged. Accounts at third party money managers are reviewed at least quarterly, generally when copies of statements are received from the money manager.

Managed accounts are reviewed on an ongoing basis, but no less frequently than quarterly, for general market and cash management considerations. Reviews are also conducted per client request, change in client circumstances, unusual market activity or economic concerns. Formal reviews are done on an annual basis to determine that the client accounts adhere to the asset allocation guidelines for the clients. Formal reviews will typically involve a face-to-face meeting with the client or a phone conversation.

Lewis W. Burge, Jr. is responsible for all client reviews. Reviews examine whether allocation guidelines are still in effect, or whether changes in client circumstances, income needs, or market and economy factors require reallocating or rebalancing assets.

Account Reports

Financial planning clients do not receive any reports other than the financial plan originally contracted for. For managed accounts and accounts at third party money managers, you receive a statement from your account custodian at least quarterly. If there is activity in your account, a monthly statement is sent. In addition, managed accounts receive quarterly reports position reports from us. They can also request an annual report as part of the annual review process.

Item 14 – Client Referrals and Other Compensation

Client Referrals

Advisor may enter into agreements with unaffiliated solicitors (Referring Parties) to refer clients to Advisor. If a client is referred to Advisor by a solicitor, the solicitor provides the client with a copy of Advisor's Disclosure Brochure as required by Rule 204-3 of the *Investment Advisers Act of 1940*. The client also receives a copy of the solicitor disclosure statement containing the information set forth in Rule 206(4)-3 of the *Investment Advisers Act of 1940*. If a referred client enters into an investment advisory agreement with Advisor, a referral fee is paid to the solicitor that is one-half of the annual advisory fees paid by that referred client. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided. The referral agreements between Advisor and the solicitors are in compliance with regulations as set out in 17 CFR §275.206(4)-3 and the Rules under the *Investment Advisers Act of 1940*.

First Financial refers clients needing advisory services to Advisor but does not receive any solicitor or referral fee for doing so. However, Advisor receives office space, office supplies, telephones, postage, office equipment and furnishings and access to office personnel from First Financial. Please see **Item 10, Other Financial Industry Activities and Affiliations**, for additional information on this relationship.

Please see **Referrals to Third Party Money Managers** under **Item 5, Fees and Compensation**, for discussion concerning the solicitor/referral fees Advisor receives for referring clients to unaffiliated third party money managers.

Other Compensation

For additional discussion on other compensation received by Advisor, its owners or its representatives, please refer to **Additional Compensation** under **Item 5, Fees and Compensation**, and **Item 10, Other Financial Industry Activities and Affiliations**, and **Item 12, Brokerage Practices**.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Asset management services are provided on a discretionary basis only. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority. You can impose restrictions on managing your accounts.

Discretionary authority is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account by the account custodian and paid to us. Fee deduction is done pursuant to your prior written authorization provided to the account custodian.

Item 17 – Voting Client Securities

We do not vote proxies on your behalf. You are solely responsible for all proxy voting decisions. You should read through the information provided with the proxy voting document and make a determination based on the information provided.

Item 18 – Financial Information

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

Privacy Policy

We are committed to safeguarding your confidential information. We hold all non-public personal information provided to our firm in the strictest confidence.

We know that clients expect us to conduct and process the services for which they have engaged us in an accurate and efficient manner. To do so, we must collect and maintain certain non-public personal information about each client. For instance, depending on the services requested by the client, we may obtain information such as, the client's name, address, tax identification number, birth date, assets and income, beneficiary information and possibly personal bank account information and/or health status.

Transactional information is collected from activity in the client's account(s), such as investment and insurance history and balances. This category includes client communications to us concerning the client's investment and accounts.

Information may be shared between us and First Financial Education Centers, LLC and any solicitor (agent or advisor) who has referred a client to us.

Information may be shared with unaffiliated parties in instances where a client has granted us authority to handle his/her account(s), such as investments or insurance companies or outside brokerage firms. As permitted or required by law, a client's non-public personal information may be disclosed to regulatory agencies or government personnel acting in an official capacity.

At a client's direction and only to the extent necessary, we may release non-public personal information to other professionals for purposes of estate or insurance planning, tax preparation, or other financial areas of expertise. These other professionals that we may share information with may include mortgage brokers, attorneys and accountants (upon a verbal client request to do so) in order to help facilitate the requested additional services that are provided by these professionals.

In order to provide an overall satisfactory client experience, we and First Financial Education Centers, LLC share confidential client information in order to provide financial planning services to its mutual clients. This sharing of information is acknowledged in the Investment Advisory Agreement between us and the client. If a client is referred to us by a solicitor (agent or advisor), then we share confidential client information with that solicitor in order to provide financial planning services to our mutual clients. This sharing of information is acknowledged in a Client Disclosure Document provided to the client along with a copy of this Form ADV Disclosure Brochure. Some of the firms that we share information with area

- First Financial Education Centers, LLC
- Charles Schwab & Co. Inc. and its affiliates
- Other registered investment advisors that we refer clients to or that refer clients to us
- Other Individuals that have established solicitor relationships with us

We restrict access to clients' non-public personal information to our employees and the business that we has relationships with who must use the information to provide services to the client, such as handling the client's account, resolving problems or informing the client of new services. We maintain physical, electronic and procedural safeguards that comply with applicable laws to guard client personal information.

Opting out of this information sharing terminates the client's business relationship with us. Clients may opt out of this information sharing by submitting a letter to our offices located at:

First Financial Advisors LLC
Attn: Luke Burge
101 E. Town Place
Suite 300
Saint Augustine, FL 32092

Or call 904-264-3095