

Nightingale Financial Advisory

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This brochure provides information about the qualifications and business practices of Nightingale Financial Advisory. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Nightingale Financial Advisory is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Nightingale Financial Advisory is also available on the SEC's website at www.adviserinfo.sec.gov.

Nightingale Financial Advisory

The initial Part 2 was dated March 10, 2011, and filed as part of our annual updating amendment.

The annual updating amendment dated March 13, 2012, contained the following material changes:

Item 4: As of December 31, 2011, we manage assets of \$23.9 million on a discretionary basis and \$700,000 on a non-discretionary basis.

Item 12: The Soft Dollars section was added to reflect that we do not receive soft dollars in the way soft dollars have historically been described. Due to a recent rewording by the SEC of the question related to receipt of additional products and services from our Custodian, those services could be labeled as soft dollars although they do not meet the definition. The products and services we receive are described in Item 14 as “Additional Services” that we receive from custodians.

Item 14: The following disclosure was added regarding the benefits we receive from custodians. This is in direct response to the Item 12 Soft Dollar language added.

We receive economic benefits from custodians that we use to execute trades in client accounts. These benefits include the following products and services (provided without cost or at a discount):

- receipt of duplicate client statements and confirmations;
- research related products and tools;
- access to a trading desk serving investment advisor participants;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);
- the ability to have advisory fees deducted directly from client accounts;
- access to an electronic communications network for client order entry and account information; and
- access to mutual funds with no transaction fees and to certain institutional money managers.

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ITEM 4: ADVISORY BUSINESS

Who we are

Nightingale Financial Advisory (referred to as “we,” “our,” “us,” or “NFA”), has been registered as an investment advisor since October 2000. Our principal officer is Jerry Nightingale.

Services we offer

NFA provides both financial planning services and investment management services.

When preparing a financial plan, we review such topics as: retirement, education, major purchases, emergency funds, life insurance, disability insurance, long-term care planning, estate planning, asset allocation, investment management, Monte Carlo analysis, sensitivity analysis, cash inflows and outflows, income planning, specific financial objectives and specific financial questions or situations that the client may have and taxes relative to investing,

Among other things, we consider the individual and their particular situation, their risk tolerance, their preferences, and their individual goals. We keep the client restrictions in mind when investing or planning. In investment management, we strive to make gains while at the same time preserving assets.

Assets under management

As of December 31, 2011, we manage assets of \$23.9 million on a discretionary basis and \$700,000 on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Financial Advisory Services

Financial advisory services are provided for an hourly fee not to exceed \$300. We may also provide financial planning services for a flat fee ranging from \$500 - \$2,000. We require a deposit of 25% - 50% of the estimated or negotiated fee at the time of signing the Financial Planning Agreement. The client will receive an invoice upon completion of the financial plan that is payable upon receipt. We accept check or cash as payment for financial advisory services. When negotiating fees, we take into account the estimated complexity of the financial plan.

The client may cancel our financial advisory agreement at any time by providing written notice. Upon cancellation, we will offset the deposit by the cost of time and effort incurred through the date of termination. An invoice reflecting the balance due, or the refund balance will be provided.

Although our approach and recommendations are objective, we have a conflict of interest when providing financial planning advice. When you implement the financial plan through us, we receive the customary fees as disclosed in the following section. Client are not required to employ us to implement the financial plan or any portion of it.

Investment Management Services

Advisory Fees & Billing Practices

Fees for investment management services are calculated as a percentage of assets under management. These fees are billed at the beginning of each quarter, based on the assets under management as of the last day of the previous calendar quarter. Our standard fee schedule is:

<u>Account Value</u>	<u>Annual Fee</u>
\$0 - \$50,000	1.70%
\$50,001 - \$100,000	1.50%
\$100,001 - \$250,000	1.25%
\$250,001 - \$500,000	1.15%
\$500,001 - \$750,000	1.10%
\$750,001 - \$2,000,000	1.00%
\$2,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$4,000,000	0.70%
Accounts over \$4,000,000	Negotiable

When negotiating fees, we use a sliding scale of assets under management.

We require that you provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide authorization for us to deduct fees by initialing the appropriate section of our contract.
- You will receive a detailed invoice each quarter which outlines our fees and how they are calculated at the same time we request payment from the custodian.
- You will receive a statement from your custodian which shows your holdings.
- You are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

You may end our advisory relationship by providing 30 days written notice. We will prorate the advisory fees earned through the termination date and send you a refund of the prepaid, unearned portion of your fee. We process refund payments within 30 days of the termination date and will send you a check or refund your investment account. In either case we will provide a final invoice detailing the calculation of the refund.

Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. These fees include:

- mutual fund loads (if applicable). These charges are paid to brokers as a form of commission.
- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.

- brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

We believe the fees mentioned above are competitive; however you may be able to obtain similar services from other sources at a lower price.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not receive performance fees for managing accounts.

ITEM 7: TYPES OF CLIENTS

We provide advice to individuals and non-profit organizations.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

NFA's investment philosophy is based on prudent employment and protection of capital to meet clients' objectives. NFA stresses preservation of capital and achieving gains at reasonable risk. To maximize the average annual rate of return of clients' assets, NFA believes that the avoidance of negative returns is important, as they approach investment decisions with an emphasis on appreciation potential and management of risk. If given the discretion to do so, NFA is willing to have client portfolio hold cash when attractive investment opportunities are limited.

NFA evaluates investments across a broad range of industries, and monitors the price of stocks, exchange traded funds (ETFs) and mutual funds. When they identify significant trends in sectors, they shift into stocks that offer the greatest potential for attractive long term returns and sell those that have achieved a price at which their potential returns no longer compensate for the risk.

NFA does not limit its search to companies and sectors that appear inexpensive by traditional quantitative standards, as the valuation premium accorded to growth is frequently reasonable. NFA believes low price/ earnings and price/ book value ratios and high yields are far from determinative of investment worth; moreover corresponding opposites of these measures are in no way inconsistent with a value purchase, if the price paid for the security or the sector is below the intrinsic worth of the business or composite of the businesses. NFA applies qualitative and quantitative filters to their research, since they believe that the greatest returns can be achieved by investing in good businesses that are well managed and have intrinsic value. This bias tends to lead them to companies that exhibit growth, and concentrate holdings in a limited number of industries, although NFA seeks to reduce portfolio risk by diversifying across a number of companies and sectors and by investing in fixed income asset categories.

NFA seeks to anticipate change, either in fundamentals or perception, and estimates the impact such change could have on the business, exchange traded fund, mutual fund and its price. They examine industries that are out of favor on Wall Street. In this sense, they are contrarian. However, NFA does not endorse a contrary view for its own sake; they shall not abandon a good idea if it becomes popular, nor shall they buy shares in companies or exchange traded funds that are being shunned for sound reasons.

Stock markets, especially emerging markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, force majeure, economic developments or other developments. The value of a security or ETF, or mutual fund can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. Securities or ETFs selected using quantitative analysis can perform differently from the market as a whole as a result of the factors used in the analysis, the weight placed on each factor and the changes in the factor's historical trend.

All investments involve different degrees of risk. Clients should be aware of their risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither NFA nor Jerry Nightingale has any affiliations with other financial industry companies.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by NFA and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before the client's,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

Personal Trading for Associated Persons

We may buy or sell some of the same securities for clients that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in client accounts. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by client transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed as part of a block trade with client trades, or individually after client trades have been completed. Additional information about block trades is provided in the Aggregation of Orders section of "Item 12: Brokerage Practices." When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

NFA and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

All persons associated with us are required to report all personal securities transactions to us quarterly.

ITEM 12: BROKERAGE PRACTICES

Selection of Brokers

In recommending brokers to execute portfolio transactions, we make a good faith judgment of about which broker would be appropriate. We take into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (without limitation):

- the execution capabilities of the broker/dealer,
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis),
- custodial and other services provided by the broker/dealer that are expected to enhance our general portfolio management capabilities,
- the size of the transaction,
- the difficulty of execution,
- the operational facilities of the broker-dealers involved,
- the risk in positioning a block of securities, and
- the quality of the overall brokerage and research services provided by the broker/dealer.

When we select the broker/dealer for a transaction, we may cause you to pay a higher commission for effecting a transaction than another broker/dealer would have charged for effecting that transaction. We do this if we determine in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by the broker/dealer. The determination is viewed in terms of either the particular transaction or our overall responsibilities to the client.

NFA has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides NFA with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist NFA in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other

market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help NFA manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom NFA may contract directly.

NFA is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds and selected exchange traded funds without transaction charges and other no-load funds at nominal transaction charges.

NFA participates in the Fidelity Wealth Advisor Solutions program. Wealth Advisor Solutions is a referral program designed to introduce high net worth investors to independent registered investment advisors. NFA does not pay a fee to participate in the Wealth Advisor Solutions Program. NFA participation in the program may raise potential conflicts of interest. NFA may have an incentive to recommend that clients custody asset with Fidelity.

Aggregation of Orders

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for another client or one or more of our associated persons.

We may choose to block (aggregate) trades for your account with those of other client accounts and personal accounts of persons associated with NFA. When we place a block trade, all participants included in the block receive the same price per share on the trade. The price is calculated by averaging the price of all of the shares traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous or disadvantageous. Commission costs are not averaged. You will pay the same commission whether your trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

Directed Brokerage

You may instruct us to execute any or all securities transactions for your account with or through one or more broker/dealers designated by you. In these cases, you are responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by the broker/dealers and you are satisfied with the terms and conditions. We have no responsibility for obtaining the best prices or any particular commission rates for transactions with or through the broker/dealer in these situations. You recognize that you may not obtain rates as low as you might otherwise obtain if we had discretion to select broker/dealers other than those chosen by you. If you

would like us to cease executing transactions with or through the designated broker/dealer you must notify us in writing.

Soft Dollars

“Soft dollars” are typically generated when an investment advisor enters into an agreement with an executing broker to receive a portion of the commissions generated by the advisor’s client trades. The soft dollars are allocated to the investment advisor and can then be used to purchase items or services. The investment advisor has a fiduciary duty to its clients to obtain best execution, on an overall basis, for any securities transactions.

We do not use soft dollars as described above. The SEC recently changed the wording of certain questions on the Form ADV and has indirectly changed the definition of soft dollars. Due to the new wording, the receipt of goods and/or services from a third party in connection with providing advice to clients could be seen as “soft dollars.” The additional services we receive from custodians, as disclosed in Item 14 below, would fall under this description of soft dollars.

ITEM 13: REVIEW OF ACCOUNTS

Jerry Nightingale, the financial advisor, monitors securities held in client accounts daily and performs reviews of client accounts monthly to confirm that the account matches the risk profile for that client’s financial objectives and risk tolerance. Also reviews of client accounts are performed if there are any unusual market events, valuations are approaching fair value, or analysis for rebalancing. Additionally, reviews are performed when a client notifies us of changes in their circumstances.

Clients receive a monthly investment report and various client portfolio or client specific reports in meetings with the client that may include updates or recommendations regarding the financial plan, investment performance, market information and client goals. Reports and graphs are written or provided as part of discussion.

Jerry Nightingale, the financial advisor, reviews the client's financial plan twice per annum or more frequently, depending on the needs of the client. The review is to determine if the client is on track to meet their financial goals.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We receive economic benefits from custodians that we use to execute trades in client accounts. These benefits include the following products and services (provided without cost or at a discount):

- receipt of duplicate client statements and confirmations;
- research related products and tools;
- access to a trading desk serving investment advisor participants;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);
- the ability to have advisory fees deducted directly from client accounts;

- access to an electronic communications network for client order entry and account information; and
- access to mutual funds with no transaction fees and to certain institutional money managers.

We may also engage solicitors to provide client or investor referrals. We pay these solicitors a portion of the fees we earn for managing the client or investor that was referred. If you are referred by a solicitor, this practice will be disclosed in writing and we will comply with the requirements of Rule 206(4)-3, under the Investment Advisers Act of 1940, as amended, and any similar state rule or statute.

ITEM 15: CUSTODY

If you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in “Item 5: Fees and Compensation.” You will also receive quarterly statements directly from custodian of the account that details all transactions in the account. We do not accept physical custody of client assets.

ITEM 16: INVESTMENT DISCRETION

You may provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority.

You grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the new account forms that are submitted to the broker/dealer acting as custodian for your account(s).

We also offer non-discretionary advisory services. If you elect to engage us to manage assets on a non-discretionary basis, we will contact you before each trade is placed in your account.

Although generally NFA has discretionary authority, we will honor what the client may or may not want to invest in.

ITEM 17: VOTING CLIENT SECURITIES

We do not accept the authority to vote proxies on your behalf. You will receive proxies and other related paperwork directly from your custodian. Upon request we will provide guidance about voting a specific proxy solicitation.

ITEM 18: FINANCIAL INFORMATION

We do not charge or solicit pre-payment of more than \$1,200 in fees per client six months or more in advance. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.