

FIRM BROCHURE

FORMERLY KNOWN AS ADV PART II, UPDATED 1-31-2012

TABLE OF CONTENTS

TABLE OF CONTENTS	PAGE 1
SUMMARY OF MATERIAL CHANGES	PAGE 2
INTRODUCTION	PAGE 2
FORM ADV PART II DISCLOSURES	PAGE 2
ADVISORY SERVICES AND FEES	PAGE 3
BY ALL ACCOUNTS	PAGE 3
TYPES OF CLIENTS	PAGE 3
TYPES OF INVESTMENTS	PAGE 4
METHODS OF ANALYSIS, SOURCES OF INFORMATION	
- AND INVESTMENT STRATEGIES	PAGE 4
EDUCATION AND BUSINESS STANDARDS	PAGE 4
EDUCATION AND BUSINESS BACKGROUND	PAGE 5
OTHER BUSINESS ACTIVITIES	PAGE 5
OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS	PAGE 5
PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS	PAGE 6
CONDITIONS FOR MANAGING ACCOUNTS	PAGE 6
REVIEW OF ACCOUNTS	PAGE 6
INVESTMENT OR BROKERAGE DISCRETION	PAGE 6
ADDITIONAL COMPENSATION	PAGE 7
BALANCE SHEET	PAGE 7
PRIVACY POLICY	PAGE 7
THANK YOU	PAGE 8

This brochure provides information about the qualifications and business practices of Charleston Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 843-722-3331 or bill@CharlestonFinancial.net. 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 Charleston Financial Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov

SUMMARY OF MATERIAL CHANGES

In 2011, William C. Prewitt and Diane H. Blackwelder formed a multi-member partnership of Charleston Financial Advisors, LLC; they plan to transition ownership of the firm over future years while improving the depth of the firm. In 2012, By All Accounts, an account aggregating service was offered to clients. In 2012, all billing and reporting was synchronized to occur on calendar quarters in January, April, July, and October for the previous three month period.

INTRODUCTION

Charleston Financial Advisors, LLC was started in 1983 to provide fee-only, fixed or hourly, fiduciary financial advice to individuals of all stages of life as well as pensions and profit sharing plans, trusts, estates, charitable organizations, and corporations. This includes both financial planning advice and asset management.

We work with clients on a fee-only basis, meaning we do not accept commissions of any kind. We feel this is the most objective way to provide financial advice.

We work with financial planning clients on either an *hourly* basis or a *fixed, project-based* basis. Asset management fees are charges either as a percentage of assets under management or on a retainer basis.

We work with clients on a *fiduciary* basis, meaning our only loyalty is to our clients – not a brokerage firm or a mutual fund company. We feel this is the best way to provide financial advice.

FORM ADV PART II DISCLOSURES

This brochure provides you (“the client”) information about Charleston Financial

Advisors, LLC (“the investment adviser”, “the advisor”, “the firm”) and its business of providing fee-only, fiduciary financial advice. The information has not been approved or verified by any government authority.

Charleston Financial Advisors, LLC has been registered with the Securities and Exchange Commission as a Registered Investment Adviser firm and, as such, this brochure contains information from Form ADV Part II, as required by the Securities and Exchange Commission. In July 2012 this firm will deregister with the SEC and register with the South Carolina State Securities Commissioner as a nation-wide realignment of investment firms managing less than \$100 million of client assets. This brochure is part of the agreement between you, the client, and Charleston Financial Advisors, LLC.

Additional information about the firm (and other advisory firms) is available at: www.adviserinfo.sec.gov. A search of this site for the firm can be accomplished by its unique identifier known as an IARD number. The IARD number for Charleston Financial Advisors, LLC is 137536. Charleston Financial Advisors, LLC’s SEC Number is 801-65932. Charleston Financial Advisors, LLC’s IRS Employer Identification Number is 54-2165266.

Our office is located at 4 North Atlantic Wharf, Suite 200, Charleston, SC 29401-2168 and our phone number is 843.722.3331. Our office hours are by appointment, Monday through Friday, except for official holidays.

This brochure was last updated on January 31, 2010, and is applicable for use through December 31, 2012.

ADVISORY SERVICES AND FEES

Charleston Financial Advisors, LLC receives approximately 80% of its fees from investment supervisory services and approximately 20% of its fees from hourly or fixed, project based financial planning services on financial matters that do not involve securities.

Charleston Financial Advisors, LLC works with financial planning clients on either an **hourly** basis or a **fixed, project-based** basis. Asset management fees are charges either as a percentage of assets under management or on a retainer basis. These services may be general in nature or focused on a particular area of interest or need, depending upon the client's unique circumstances.

Hourly financial planning fees can range anywhere from \$100 to \$400 per hour depending on the complexity of the case and the staff member providing the services. All work accomplished will be charged against the initial deposit as outlined in the Hourly Consultation Agreement and an Engagement Letter. Once the time is exhausted, remaining work will be billed on a monthly basis.

For fixed and project-based financial planning clients, the fee is agreed upon through an engagement letter. One-half of the fee is due before work is begun and the balance comes due at the completion of the last written report meeting. Some clients pay a retainer for ongoing services. An estimate of the value of the service is mutually agreed upon and billing occurs quarterly.

Asset management fees are bracketed as followed:

<u>Assets Under Management</u>	<u>Fee</u>
Up to \$500,000	.25%/Qtr

	or (\$250 minimum)
\$500,000 to \$1,500,000	.225%/Qtr
\$1,500,000 to \$3,000,000	.200%/Qtr
\$3,000,000 to \$5,000,000	.175%/Qtr
\$5,000,000 to \$7,500,000	.150%/Qtr
\$7,500,000+	.125%/Qtr

Asset management fees are paid in advance and a refund for unperformed services can be arranged if a client ends the relationship with two weeks' notice. Clients may also wish to pay a fixed or retainer rate for asset management services.

Our billing date is the first of the month whereas a custodian's statement will be as of the last day of the month. Therefore, our statements and those of a custodian may not agree at all times. End of the month accrued interest and money moving between accounts normally accounts for these differences. We base quarterly asset management fees on our records rather than the custodian's records. Occasionally, a fee is slightly higher or lower than relying entirely on the custodian's end of month statement.

BY ALL ACCOUNTS

Charleston Financial Advisors, LLC monitors accounts held by custodians other than Charles Schwab & Co and TD Ameritrade Institutional. This process, known as "account aggregation" helps us consider the full scope of a client's financial situation and assists the client in measuring the performance of outside investments compared to those managed by Charleston Financial Advisors, LLC. Assets under this plan are billed at half the rate of assets under management (described in previous section); a client using this service executes a supplemental agreement.

TYPES OF CLIENTS

Charleston Financial Advisors, LLC generally provides fiduciary financial advice

to individuals of all stages of life as well as pensions and profit sharing plans, trusts, estates, charitable organizations, and corporations. This includes financial planning advice, collaborative divorce services, and asset management.

For our hourly financial planning, project, and consulting engagements, we do not require minimums as to income, assets, net worth, length of engagement, revenues generated or other conditions for engaging our services.

TYPES OF INVESTMENTS

Charleston Financial Advisors, LLC provides investment advice on equity securities (including exchange-listed securities, securities traded over-the-counter and foreign issuers), warrants, corporate debt securities (other than commercial paper), commercial paper, certificates of deposit, municipal securities, investment company securities (including variable life insurance, variable annuities, exchange traded funds and mutual fund shares), United States government securities, options contracts on securities, futures contracts (including tangibles and intangibles), and interests in partnerships investing in real estate and oil and gas interests.

METHODS OF ANALYSIS, SOURCES OF INFORMATION AND INVESTMENT STRATEGIES

If the advisor is engaged to provide investment advice, the client's current financial situation, needs, objectives, goals and tolerance for risk are first evaluated. Asset allocation and investment policy decisions are made, in the advisor's best judgment, to help the client achieve their overall financial objectives while minimizing risk exposure. Asset allocation is a key component of investment portfolio design. The advisor believes that the

appropriate allocation of assets across diverse investment categories (i.e. stock vs. bond, foreign vs. domestic, large cap. vs. small cap., high quality vs. high yield, etc.) is the primary determinant of portfolio returns and is critical to the long-term success of a client's financial objectives.

The advisor employs a long-term asset allocation approach with changes or rebalancing when prudent. Funds are typically fully invested at the clients risk level. Low-cost passively managed funds are preferred.

Charleston Financial Advisors, LLC obtains information from publicly available reports, analyses, research materials, computerized asset allocation models and various subscription services. Additional sources of information such as financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission are also used.

Investment strategies used to implement investment advice given to clients include long term purchases, short term purchase and, in limited circumstances, the advisor may provide advice to clients interested in margin transactions, option writing (including covered options, uncovered options or spreading strategies).

EDUCATION AND BUSINESS STANDARDS

Charleston Financial Advisors, LLC requires those giving investment and financial planning advice to clients to have a

CFP® designation or be a candidate for CFP® certification.

EDUCATION AND BUSINESS BACKGROUND

Name: William. C. Prewitt, M.S., CFP®
(b. 1946)

Title: Managing Member and Principal

Education:

M.S. in Financial Planning – College for Financial Planning (1991)
Certified Financial Planner™ (1985)
Bachelor of Arts, History-Pre Law
Transylvania University (1968)

Experience:

Partner and Principal of Charleston Financial Advisors, LLC (2011-Present)
Owner and principal of Charleston Financial Advisors, LLC (2004-2010)
Owner and principal of Wm. C. Prewitt, M.S., CFP® (1986-2004).

Name: Diane H. Blackwelder, CFP®
(b. 1970)

Title: Financial Advisor and Principal

Education:

Certified Divorce Financial Analyst (2008)
Certified Financial Planner™ (2005)
Bachelor of Science, Biology – College of Charleston (1992)

Experience:

Partner and Principal of Charleston Financial Advisors, LLC (2011-Present)
Financial Advisor – Charleston Financial Advisors, LLC (2008 – 2010)

Owner – Atlantic Planning Partners
(2005-2008)

Planner – Questis Advisors (2007-2008)

Name: Myles B. Brandt, CFP®

Title: Financial Advisor

Education:

Candidate M.S. in Economics – Johns Hopkins University (2010 – Present)
Certified Financial Planner™ (2010)
Bachelor of Arts, History – College of Charleston (2006)
Bachelor of Arts, English – College of Charleston (2006)

Experience:

Financial Advisor – Charleston Financial Advisors, LLC (2007- Present)
Front Desk Associate – Church Street Inn (2005-2009)

OTHER BUSINESS ACTIVITIES

The principle business of Charleston Financial Advisors, LLC and its principal executive officers is providing financial planning and investment advice. Charleston Financial Advisors, LLC and its principal executive officers are not engaged in any other business, nor do they sell products or services other than the services stated above.

OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS

Charleston Financial Advisors, LLC is not registered, nor does it have an application pending as a securities broker-dealer. It is also not registered, nor does it have an application pending as a futures commission merchant, commodity pool operator or commodity trading adviser. It does have arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer. Both TD Ameritrade Institutional and Charles Schwab & Co. Institutional execute trades authorized by Charleston Financial Advisors, LLC for client accounts.

Charleston Financial Advisors, LLC does not, have material arrangements with a related person who is an investment company, other investment adviser, financial

planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer or entity that creates or packages limited partnerships. Neither Charleston Financial Advisors, LLC nor any related person are a general partner in any partnership in which clients are solicited to invest.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Neither Charleston Financial Advisors, LLC nor any related person as principal buys securities from or sells securities it owns to any client. It also does not, as broker or agent, effect securities transactions for compensation for any client. Nor does it, as broker or agent for any person other than a client, effect transactions in which client securities are bought from or sold to a brokerage customer. It does not recommend to clients that they buy or sell securities or investment products in which the advisor or a related person has some financial interest. It will, however, buy or sell for itself securities it also recommends to clients.

CONDITIONS FOR ASSET MANAGEMENT ACCOUNTS

There is no minimum account size required for management. Clients are, however, encouraged to have enough so that management is in the best interest of the client. There is a minimum fee of \$1,000 annually.

Individual clients are neither intentionally advantaged nor disadvantaged in the normal course of trading. It is possible that two clients might receive different prices on the same security on a given day due to the time of day the trade was placed. This could occur due to varying market prices during

the day with individual securities and exchange traded funds. Open ended mutual fund prices are not susceptible to this factor because they are uniformly traded at the end of the day at Net Asset Value.

We are assured by our custodians that their pricing is customary for our trading volume and practice profile. From time to time we request that they review this to provide the most favorable available pricing for our clients. While, we do not have the resources to exhaustively verify their claims, we are of the opinion that their fees are not out of line with similar financial planning firms.

REVIEW OF ACCOUNTS

To ensure that clients' risk levels are being maintained, Charleston Financial Advisors, LLC will review client accounts at least quarterly. Charleston Financial Advisors, LLC will look for opportunities to rebalance client accounts when prudent if investments have deviated from their target allocation. Considerations are the cost of a trade (transaction costs and tax costs) and the size of the trade.

Clients receive from their custodian trade confirmations and statements at least quarterly. Clients also receive two reports from Charleston Financial Advisors, LLC quarterly. Report 1 shows a client's holdings and their allocation. Report 2 shows their quarterly returns, which are annualized for periods extending one year.

INVESTMENT OR BROKERAGE DISCRETION

Charleston Financial Advisors, LLC maintains the authority to determine, without obtaining specific client consent, the securities to be bought and sold and the amount of securities to be bought or sold. Charleston Financial Advisors, LLC does not maintain the authority to determine,

without obtaining specific client consent, the broker dealer to be used or the commission rates paid to the custodian to execute trades.

If the client requests a recommendation on which broker-dealer to use, suggestions are made based on the client's level of service needed. Charleston Financial Advisors, LLC does not accept any compensation, product, research, or services from any brokerage for using or referring any brokerage to any client.

ADDITIONAL COMPENSATION

Charleston Financial Advisors, LLC may receive a discount for research equipment from a custodian such as a discount for Morningstar Principia from Charles Schwab & Co. Institutional or practice consulting from TD Ameritrade Institutional. Discount or services from custodian are not dependent upon a referral as Charleston Financial Advisors, LLC's relationship with the custodians were pre-existing.

BALANCE SHEET

Charleston Financial Advisors, LLC need not provide a balance sheet because it neither has custody of client funds or securities nor does it require prepayment of more than \$500 in fees per client six or more months in advance.

PRIVACY POLICY

Charleston Financial Advisors, LLC, an independent financial planning firm, is committed to safeguarding the confidential information of its clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services provided by Charleston Financial Advisors, LLC. We have never disclosed information to nonaffiliated third parties, except as required by law, and do

not anticipate doing so in the future. If we do anticipate such a change in firm policy, we would be prohibited under the law from doing so without advising you first. As you know, we use health and financial information that you provide to us to help you meet your personal financial goals while guarding against any real or perceived infringements of your rights of privacy. Our policy with respect to personal information is listed below.

We limit employee and agent access to information only to those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law. For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions in your behalf, or so our firm can discuss your financial situation with your accountant or lawyer.

We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.

The categories of nonpublic personal information that we collect from a client depend upon the scope of the client engagement. It will include information about your personal finances, information about your health to the extent that it is needed for the planning process, information about transactions between you and third parties, and information from consumer reporting agencies.

For unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors, we also require strict confidentiality in our agreements with them and expect them to keep this information private. Federal and state regulators may review firm records as permitted under law.

We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.

Personally identifiable information about you will be maintained during the time you are a client, and for the required time thereafter that

such records are required to be maintained by federal and state securities laws, and consistent with the CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.

Permission to share health information with a non-affiliated third party:

State law prohibits Charleston Financial Advisors, LLC, from sharing any of your personal health information with a third party without your permission. You have a right not to permit us to share this information with anyone else.

THANK YOU

Thank you for placing your trust in us. As fiduciaries we strive to act in good faith and in your best interest to help you achieve your financial goals!

Sincerely,



January 31, 2012

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