

***VIRGINIA FINANCIAL INNOVATION CORPORATION***

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**This brochure provides information about the qualifications and business practices of Virginia Financial Innovation Corporation. If you have any questions about the contents of this brochure, please contact us at 276-492-2082 or email [vafinancial@gmail.com](mailto:vafinancial@gmail.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Virginia Financial Innovation Corporation ion also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Virginia Financial Innovation Corporation is a registered investment adviser. This statement does not imply that Virginia Financial Innovation Corporation has achieved any specific level of skill or training that is meeting of approval of any state or federal regulatory body.

Item 2            Material Changes

This item is not applicable.

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Item 4            Advisory Business

- A. Virginia Financial Innovation Corporation is an advisory firm established for the purpose of mutual fund management and to operate as an investment adviser for fee-based private client money management.

There are no principal owners of Virginia Financial Innovation Corporation (those individuals that own 25% or more of the corporation) that own 25% or more of the corporation.

- B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

Virginia Financial Innovation Corporation offers general advisory services which includes both short term and long term investment planning that is made up of both retirement and non-retirement accounts. Advice and management of client accounts is centered around mutual funds, individual stocks, bonds, certificates of deposit, cash and cash equivalents.

More specifically, Virginia Financial Innovation Corporation offers management services and advice on long term retirement planning, income planning, college planning, and general investment advice on investment strategies as conservative as capital preservation to the aggressive strategies that are comprised of one-hundred percent equities.

- C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of *clients*. Explain whether *clients* may impose restrictions on investing in certain securities or types of securities.

Virginia Financial Innovation Corporation will tailor each client's portfolio specifically to that client's needs and long term goals, as well as risk tolerance for the general ups and downs in the market. A "cookie-cutter" approach is strongly avoided. Sufficient time is spent with each client to determine what comfort level of risk they are comfortable with as well as the specific financial needs they face. Risk is balanced based on their time frame and tolerance for volatility. It is acceptable for clients to impose restrictions on investing in certain types of securities, however, as some clients may want to avoid certain investments for personal reasons, such as social or religious purposes.

- D. If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and

how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

This item is not applicable.

- E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a non-*discretionary basis*. Disclose the date “as of” which you calculated the amounts.

Client assets are managed on a discretionary basis. As of Jan. 31, 2011 Virginia Financial Innovation Corporation manages approximately \$100,000 on a discretionary basis.

Item 5            Fees and Compensation

- A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

**Note:** If you are an SEC-registered adviser, you do not need to include this information in a *brochure* that is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

The following is the fee schedule for advisory services. Both the schedule and the minimum amount are negotiable.

\$5,000 to \$49,999	1.5% of total net assets
\$50,000 to \$99,999	1.4% of total net assets
\$100,000 to \$199,999	1.3% of total net assets
\$200,000 to \$499,999	1.2% of total net assets
\$500,000 to \$999,999	1.1% of total net assets
\$1,000,000 and over	1.0% of total net assets

Fees will be assessed for each account on the last business day of each month. The fee will be prorated to the annual fee agreed upon between the Adviser and the client. Furthermore, the fee percentage will remain fixed unless the assets grow to the next tier as defined above, in which the percentage will drop. Otherwise, the agreed upon fee will not increase based upon a decrease in the overall value of the assets under management.

- B. Describe whether you deduct fees from *clients'* assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.

The annual fees (prorated monthly) are deducted directly from the client's assets.

- C. Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.

Virginia Financial Innovation Corporation uses Scottrade for holding all clients' accounts. There may be other fees incurred by the client, such as a \$7 online trading fee on individual equities purchased. That fee goes directly to Scottrade. The adviser does not share this fee with Scottrade. There is also a fee of \$1 per bond, in the event that individual bonds are purchased for a client account.

Mutual fund purchases for clients under advisory services will only include no-load funds to minimize the cost to our clients.

The only fee charged by Virginia Financial Innovation Corporation is the percentage charged for advisory services. Any other fee incurred is solely that of Scottrade and the advisor does not have a relationship to share in any of those fees.

- D. If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

This is non-applicable. Virginia Financial Innovation Corporation will not receive fees in advance of management services.

- E. If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

1. Explain that this practice presents a conflict of interest and gives you or your *supervised persons* an incentive to recommend investment products based on the compensation received, rather than on a *client's* needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to *clients*. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.

The advisor manages a mutual fund, and therefore receives compensation based on service fees directly related to the net assets under management. This represents a conflict of interest if the advisor specifically recommends the mutual fund(s) managed directly to clients. To avoid this conflict of interest, the advisor will not specifically recommend any fund he, or a supervising person with Virginia Financial Innovation Corporation, manages.

The advisor may recommend various types of investment vehicles to meet the investment objective of the client. Individual stocks and bonds are among those vehicles. The advisor only recommends no-load mutual funds for client portfolios. If a client wishes to hold a load based mutual fund that the advisor manages, it is solely the decision of the client to purchase that fund. The advisor will not recommend any fund that he manages in order to avoid the conflict of interest.

2. Explain that *clients* have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.

Many broker/dealers will offer the same investment products that the advisor recommends and clients always have the option to discontinue our advisory services and pursue a relationship with another adviser or broker/dealer.

3. If more than 50% of your revenue from advisory *clients* results from commissions and other compensation for the sale of investment products you recommend to your *clients*, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.

This is not applicable.

4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.

**Note:** If you receive compensation in connection with the purchase or sale of securities, you should carefully consider the applicability of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and any applicable state securities statutes.

This is not applicable.

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

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

This is not applicable.

Item 7           Types of Clients

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Virginia Financial Innovation Corporation generally accepts individuals and trust accounts to provide investment advice. The account minimum is published at \$5,000 but that amount is negotiable and the adviser will generally take any amount for management if the client is willing to add to the account over time.

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

- A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.

The adviser uses a combination of fundamental analysis and technical analysis when evaluating investments to be held in client accounts. It is disclosed to clients that investing in securities can be risky and there is the potential for financial loss. The adviser has several strategies that it will consider for clients based on their time frames, investment objectives and tolerance for risk. Those strategies are:

**SHORT TERM INVESTMENT STRATEGY:**

100% Cash Portfolio

\*Investment timeline less than six months

**CONSERVATIVE INVESTMENT STRATEGY:**

50% Bonds, 30% Cash, 20% Stocks

**BALANCED INVESTMENT STRATEGY:**

45% Stocks, 40% Bonds, 10% Cash, 5% International

**GROWTH INVESTMENT STRATEGY:**

60% Stocks, 25% Bonds, 10% International, 5% Cash

**AGGRESSIVE GROWTH STRATEGY:**

70% Stocks, 15% Bonds, 15% International

**MOST AGGRESSIVE STRATEGY:**

80% U.S. Stocks, 20% International

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

The adviser speaks with each client at length to determine their time frames for investment, their overall investment objective, and the amount of risk each client is comfortable with. It is discussed that investing in equities may be risky and that the more aggressive an investment approach, the greater the risk of losing money. The adviser will approach each client with a buy and hold strategy, although individual equities may be held for shorter periods than mutual funds, often referred to as short term, meaning under a year, if significant gain is reached.

D. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

Due to the combination of securities and the attention to diversification, there is not a particular type of security that the adviser primarily recommends. The adviser will focus mostly on mutual funds, both stock and bond funds. Material risks of mutual funds include the possibility of loss and the generation of either capital gains and income which may impact the clients' taxability.

## Item 9            Disciplinary Information

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must



disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a *management person*

1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any *felony*; (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or

4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a *management person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.

B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which your firm or a *management person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or

2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority

(a) denying, suspending, or revoking the authorization of your firm or a *management person* to act in an *investment-related* business;

(b) barring or suspending your firm’s or a *management person's* association with an *investment-related* business;

(c) otherwise significantly limiting your firm’s or a *management person's investment-related* activities; or

(d) imposing a civil money penalty of more than \$2,500 on your firm or a *management person*.

C. A *self-regulatory organization (SRO) proceeding* in which your firm or a *management person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or

2. was *found* to have been *involved* in a violation of the *SRO's* rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from *investment-related* activities; or (iii) fined more than \$2,500.

**Note:** You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving your firm or a *management person* to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the *person involved* in the disciplinary event to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii).

For entire Item 9, this is non-applicable.

#### Item 10 Other Financial Industry Activities and Affiliations

- A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

This is not applicable.

- B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

This is not applicable.

C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker

This is not applicable.

2/ 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)

The advisor, Virginia Financial Innovation Corporation, is in the employ of Our Street Funds, Inc. to manage a mutual fund currently undergoing registration process now with regulators. The mutual fund is a regionally based mutual fund and will be called the Virginia Equity Fund.

To avoid conflicts of interest, the advisor will not solicit this fund for any clients. Also, if the advisor holds a position in their account that is also held in the mutual fund, the advisor will disclose that to the client and remind the client that they may have different reasons for holding the position in their account than the reason for the position in the mutual fund and may buy or sell the security solely based on the needs of the client.

3. other investment adviser or financial planner

This is not applicable.

4. futures commission merchant, commodity pool operator, or commodity trading advisor

- This is not applicable.
5. banking or thrift institution  
This is not applicable.
6. accountant or accounting firm  
This is not applicable.
7. lawyer or law firm  
This is not applicable.
8. insurance company or agency  
This is not applicable.
9. pension consultant  
This is not applicable.
10. real estate broker or dealer  
This is not applicable.
11. sponsor or syndicator of limited partnerships.  
This is not applicable.

- E. If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

This is not applicable.

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

- A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.

Virginia Financial Innovation Corporation has adopted a Code of Ethics that encompasses all issues that can be foreseen at this time and may be added to in the course of business operation. It covers the standards of behavior of all employees and related persons as well as insisting on a high quality of fiduciary responsibility to all clients.

A copy of the corporate Code of Ethics will be made available to any client or prospective client upon request.

- B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Examples: (1) You or a *related person*, as principal, buys securities from (or sells securities to) your *clients*; (2) you or a *related person* acts as general partner in a

partnership in which you solicit *client* investments; or (3) you or a *related person* acts as an investment adviser to an investment company that you recommend to *clients*.

This is not applicable.

C. If you or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

If a specific security is recommended to a client, and the adviser or related person invests in the same security, the adviser will disclose that to the client before the purchase of the security. It will also be disclosed that the adviser or related person may have a different investment objective than the client and may sell the security at any time. The client will also be reminded and discussed with that the security is a part of their investment objective and will be sold when it is no longer fitting of their investment objective.

D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

The client will be informed that the adviser or related person also trades in the same security and that the security may be bought and/or sold to fit the investment need and objective of the adviser or related person. The client will be reminded that the adviser may have a much different investment objective for buying and selling that particular security.

As a rule, the adviser and all related persons with Virginia Financial Innovation Corporation agree to hold mostly mutual funds in their personal accounts to avoid such conflicts. However, in the event that a situation like this arises, the client will be notified if the adviser or related person trades in a particular security and all trading will be reviewed by the Chief Compliance Officer to ensure ethical standards of trading.

**Note:** The description required by Item 11.A may include information responsive to Item 11.B, C or D. If so, it is not necessary to make repeated disclosures of the same information. You do not have to provide disclosure in response to Item 11.B, 11.C, or 11.D with respect to securities that are not “reportable securities” under SEC rule 204A-1(e)(10) and similar state rules.

## Item 12 Brokerage Practices

A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

The factors considered when selecting a broker-dealer for client transactions are overall reputation based on customer satisfaction surveys and advisor surveys (when available), low equity commissions on trades, a per-bond commission on fixed income products as opposed to mark ups, and customer service support for clients and for their advisor. Also, it is also a factor that the broker-dealer does not charge the advisor a fee for not having a certain minimum amount under management. That could lead to overall higher management fees for clients, and the advisor will avoid that to the best of its ability.

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

**Note:** Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

The advisor does not receive any soft dollar benefits, including benefits such as proprietary or third-party research.

- a. Explain that when you use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.  
This is not applicable.
- b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your *clients*’ interest in receiving most favorable execution.

Although there is the incentive to select or recommend a broker-dealer based on the advisor’s interest in receiving research or other products and services, the advisor will not recommend any broker-dealer that is not in the overall best interests of the clients in regards to receiving favorable trade executions, customer service and support, and the range of investment products available to meet client needs.

- c. If you may cause *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

This is not applicable.

- d. Disclose whether you use soft dollar benefits to service all of your *clients*’ accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

This is not applicable.

- e. Describe the types of products and services you or any of your *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within your last fiscal year.

Virginia Financial Innovation Corporation, or any related persons, did not receive any products or services acquired with brokerage commissions (or markups or markdowns) within the last fiscal year.

**Note:** This description must be specific enough for your *clients* to understand the types of products or services that you are acquiring and to permit them to evaluate possible conflicts of interest. Your description must be more detailed for products or services that do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that you obtain various research reports and products is not specific enough.

- f. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits you received.

This is not applicable. The advisor discloses to clients that transactions are directed toward the preferred broker-dealer, and the advisor receives no soft dollar benefits.

- 2. Brokerage for *Client* Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

This is not applicable.

- a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients'* interest in receiving most favorable execution.

This is not applicable.

- b. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.

This is not applicable.

### 3. Directed Brokerage.

- a. If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain

that by directing brokerage you may be unable to achieve most favorable execution of *client* transactions, and that this practice may cost *clients* more money.

This is not applicable.

- c. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.

This is not applicable.

**Note:** If your *clients* only have directed brokerage arrangements subject to most favorable execution of *client* transactions, you do not need to respond to the last sentence of Item 12.A.3.a. or to the second or third sentences of Item 12.A.3.b.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.

The advisor does not aggregate purchases or sales of securities for various client accounts. Most of the orders placed for clients are mutual fund orders that are no-load and no commission transactions and there is no need to aggregate the orders. In the event that an order is placed in multiple accounts at the same time, it will be to ensure the timeliness of the order at the current execution price. Each account will be charged the same commission by the broker/dealer.

### Item 13 Review of Accounts

A. Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *supervised persons* who conduct the review.

The adviser reviews each client account often, usually on a weekly basis to monitor balances and success toward the stated investment objective. The adviser discusses the account with client at least once every eight to twelve months to review the account history and to discuss any changes the client may have in regards to financial needs, investment objective and risk tolerance.

- C. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.

The adviser reserves the right to review a client account at any time. A major factor that could trigger a review is a substantial move up or down of specific equities held in the accounts, or in general a significant move of the market either to the upside or downside in a short period of time.

- D. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.

The client will receive monthly statements showing account activity and balances that are provided by Scottrade, either by receiving them in the mail or agreeing to view their periodic statements online. They also receive a year-end statement along with all tax reporting pertaining to their account directly from Scottrade.

#### Item 14 *Client Referrals and Other Compensation*

- A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

This is not applicable.

- B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.

**Note:** If you compensate any *person* for *client* referrals, you should consider whether SEC rule 206(4)-3 or similar state rules regarding solicitation arrangements and/or state rules requiring registration of *investment adviser representatives* apply.

This is not applicable.

#### Item 15 *Custody*

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Virginia Financial Innovation Corporation's clients receive statements directly from the broker dealer. The adviser reviews these statements and urges clients to also review their statements.



Virginia Financial Innovation Corporation acts as adviser on client accounts but does not have custody of those accounts.

#### Item 16 Investment Discretion

If you accept *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (*e.g.*, execution of a power of attorney).

Virginia Financial Innovation Corporation accepts accounts to manage by discretionary authority. The adviser chooses the broker/dealer in which to hold all client accounts. The client does not have discretion on the broker/dealer. Although the adviser retains discretionary authority of the account activity, the client may stipulate certain investments that they do not wish to hold. An example of this would be avoiding certain securities based on socially responsible or religious reasons.

Before accepting discretionary authority, Virginia Financial Innovation Corporation receives a signed account application from the client for the broker/dealer and an Adviser Authorization Form signed by the client provided for and given copy to the broker/dealer. The adviser will provide the client with copies of the signed agreements for their records, and will also retain copies for the adviser records.

#### Item 17 Voting *Client* Securities

- A. If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities.

This is not applicable.

- B. If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.

The adviser does not vote on issues pertaining to client securities. In the event of a vote or proxy, the client will receive notice from the custodian of their account. Clients may contact their adviser for discussions around these issues.

## Item 18 Financial Information

A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

2. Show parenthetically the market or fair value of securities included at cost.

3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

This is not applicable.

**Note:** If you are a sole proprietor, show investment advisory business assets and liabilities separate from other business and personal assets and liabilities. You may aggregate other business and personal assets unless advisory business liabilities exceed advisory business assets.

**Note:** If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your *brochure*.

**Exception:** You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.

C. If you have *discretionary authority* or *custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.

This is not applicable.

**Note:** With respect to Items 18.A and 18.B, if you are registered or are registering with one or more of the *state securities authorities*, the dollar amount reporting threshold for including the required balance sheet and for making the required financial condition disclosures is more than \$500 in fees per *client*, six months or more in advance.

D. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

This is not applicable.

**If you are registering or are registered with one or more *state securities authorities*, you must respond to the following additional Item.**

Item 19 Requirements for State-Registered Advisers

A. Identify each of your principal executive officers and *management persons*, and describe their formal education and business background. If you have supplied this information elsewhere in your Form ADV, you do not need to repeat it in response to this Item.

B. Describe any business in which you are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business. If you have supplied this information elsewhere in your Form ADV, you do not need to repeat it in response to this Item.

C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a *supervised person* are compensated for advisory services with *performance-based fees*, explain how these fees will be calculated. Disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the *client*.

D. If you or a *management person* has been *involved* in one of the events listed below, disclose all material facts regarding the event.

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

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

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

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

E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your *management persons* have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

Item 19 is not applicable.