

**Schedule F of  
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:  
**Buttonwood Financial Advisors, Inc.**SEC File Number:  
801-Date:  
05/12/2008

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Buttonwood Financial Advisors, Inc.</b>		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	

Item 1D	<p><b><u>Advisory Services and Fees</u></b></p> <p>Buttonwood Financial Advisors, Inc. (hereinafter "BFA" or the "Firm") is a corporation formed under the laws of the State of Virginia. BFA offers investment advisory services to individuals, high-net worth individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, and corporations and other business entities. This Schedule F narrative provides clients with information regarding BFA and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of the Firm.</p> <p>Please contact Rehan Dawer, President or Damian Gallina, Principal &amp; Chief Compliance Officer, if you have any questions about this Schedule F narrative. Additional information about BFA is available on the Internet at <a href="http://www.adviserinfo.sec.gov">www.adviserinfo.sec.gov</a>. You can search this site by a unique identifying number, known as a CRD number. The CRD number for BFA is 144926.</p> <p>Individuals associated with BFA will provide its investment advisory services. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of the Firm. Such individuals are known as Investment Advisor Representatives (IARs).</p> <p><b><u>Portfolio Management Services</u></b></p> <p>BFA provides discretionary portfolio management services where the investment advice provided is custom tailored to meet the individualized needs and investment objectives of the client. Once the portfolio is constructed, BFA may monitor the portfolio as changes in market conditions and client circumstances may require.</p> <p>On an annualized basis, BFA's fee for continuous portfolio management services is as follows:</p> <table><thead><tr><th><u>Assets under management:</u></th><th><u>Annual advisory fee*:</u></th></tr></thead><tbody><tr><td>The first \$1 million</td><td>1.25%</td></tr><tr><td>Amounts from \$1 Million to \$5 million</td><td>1.00%</td></tr><tr><td>Amounts over \$5 Million</td><td>0.75%</td></tr></tbody></table> <p><b>*Higher fees may be charged in cases where BFA works with another registered investment adviser to manage the Client's account(s).</b></p> <p>The above fees are generally not negotiable and shall be prorated and paid in advance on a quarterly basis. No increase in the annual fee shall be effective without prior notification to the Client. Clients are responsible for custodial fees and transaction costs.</p>	<u>Assets under management:</u>	<u>Annual advisory fee*:</u>	The first \$1 million	1.25%	Amounts from \$1 Million to \$5 million	1.00%	Amounts over \$5 Million	0.75%
<u>Assets under management:</u>	<u>Annual advisory fee*:</u>								
The first \$1 million	1.25%								
Amounts from \$1 Million to \$5 million	1.00%								
Amounts over \$5 Million	0.75%								

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Item 1D	<p>Fees will be automatically deducted from the account. Clients will be provided with a quarterly statement reflecting deduction of the advisory fee as well as an advance invoice from Advisor (sent to the custodian simultaneously) detailing the amount and calculation of the advisory fee.</p> <p>In addition to Advisor's annual investment management fee, the Client may also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the account which shall be disclosed in the funds prospectus (i.e., fund management fees and other fund expenses), wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.</p> <p><b><u>Advisory Consulting And Financial Planning Services</u></b></p> <p>Advisor will typically provide a variety of financial planning services, principally advisory in nature, to individuals, families and other clients regarding the management of their financial resources, based upon an analysis of client's needs. Generally, such financial planning services will involve preparing a financial program or rendering a financial consultation for clients based on the client's financial circumstances and objectives. This information normally would cover present and anticipated assets and liabilities, including insurance, savings, investments, and anticipated retirement or other employee benefits.</p> <p>The program developed for or financial consultation rendered to the clients will usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients obtain insurance or revise existing coverage, establish an individual retirement account, increase or decrease funds held in savings accounts or invest funds in securities. Advisor may develop tax or estate plans for its clients or refer clients to an accountant or attorney.</p> <p>Advisor may also create a cash flow analysis or work with and advise the clients as to the rearrangement of cash flow in order to fund certain long-term objectives such as buying a house, planning for college, retirement, etc.</p> <p><b><i>FEE SCHEDULE: Financial Planning Services</i></b></p> <p>A \$500 to \$10,000 flat fixed fee will be charged half of which is generally due and payable at the time the client's agreement is executed, and the remainder of the fee is due upon presentation of a plan or the rendering of consulting services.</p> <p>Either party may terminate the agreement at anytime by providing written notice to the other party within five (5) days. The client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client. Refunds will be given on a pro-rata basis.</p>
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Item 1D	<p>Commissions may be earned by associated persons of Advisor in cases where financial planning recommendations are executed through Purshe Kaplan Sterling Investments, Inc., a registered broker-dealer and Member FINRA/SIPC.</p> <p><b><u>General Information on Advisory Services and Fees</u></b></p> <p>Advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by the client to BFA. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. As the client's financial situation, goals, objectives, or needs change, the client must notify BFA promptly.</p> <p>The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).</p> <p>Advice offered by BFA may involve investments in money market funds. Clients are hereby advised that all fees paid to BFA for investment advisory services are separate and distinct from the fees and expenses charged by money market funds (described in each fund's prospectus) to their shareholders. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. BFA does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by money market funds, BFA, and others to fully understand the total amount of fees to be paid by the client.</p> <p>Advisor hereby discloses that Advisor is not, but Advisor's representative is an agent/broker with various insurance companies. Such firms pay representatives a commission for the sale of their products. As such, a potential conflict of interest exists between the Advisor's interest and the Clients. The Advisor may utilize various firms for the execution of securities transactions and to custody assets. In certain cases, Advisor may recommend that clients execute transactions through unaffiliated broker-dealers further described in Item 12(B) of Schedule F. Advisor does not earn any commissions from unaffiliated broker-dealers. In any event, Client is under no obligation to act upon Advisor's recommendations and if the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through Advisor, or any of the unaffiliated broker-dealers listed in Item 12(B) of Schedule F.</p> <p>Advisor hereby states that Advisor has custody under Virginia law, but is not required to comply with net capital, bonding, or audit requirements because the firm takes the following steps:</p>
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Item 1D	<p>i) the Advisor will obtain written authorization from the client to deduct advisory fees from the account held with a qualified custodian;</p> <p>ii) the Advisor will each time a fee is directly deducted from a client account concurrently:</p> <p>A) send the qualified custodian notice of the amount of the fee to be deducted from the client's account;</p> <p>B) send the client an invoice itemizing the fee including the formula used to calculate the fee, the amount of assets under management upon which the fee is based, and the time period covered by the fee;</p> <p>C) notify the Commissioner in writing on Form ADV that the investment adviser intends to use the safeguards provided above.</p>
Item 5	<p><b><u>Education and Business Standards</u></b></p> <p>Advisor generally requires a college degree or equivalent industry experience for someone to become an investment advisory representative with the firm. In addition, all investment advisory representatives must have obtained all required licenses and/or professional designations.</p>
Item 6	<p><b><u>Education and Business Background</u></b></p> <p><b><u>Rehan. Dawer</u></b></p> <p>Year of Birth: 1966</p> <p><u>Education:</u></p> <p>BS Finance Minor International Business Management, University of MD, College Park - May 19, 1992 BS Marketing, University of MD, College Park - May 19, 1992 Executive Management Degree, Georgetown University, Washington, DC – December 10, 2005</p> <p><u>Business Background for Past Five Years:</u></p> <p>09/07 to Present, Buttonwood Financial Advisors, Inc. President, Reston, VA 09/07 to 02/2008, Buttonwood Financial Advisors, Inc. Chief Compliance Officer, Reston, VA 10/02 to 08/07, Guidance Financial Group, SVP Head of Marketing and Distribution, US Operations, Reston, VA</p> <p><b><u>Damian Gallina</u></b></p> <p>Year of Birth: 1970</p>

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Item 6 (Continued)	<p><u>Education:</u> BS Finance, Towson University, Towson, MD - January, 1993 CFA Charter, CFA Institute, Charlottesville, VA – August 1998</p>
Items 7A & 7B	<p><u>Business Background for Past Five Years:</u></p> <p>02/08 to Present, Buttonwood Financial Advisors, Inc., Principal &amp; Chief Compliance Officer, Reston, VA 06/95-02/08, Horan Capital Management, Financial Advisor &amp; Assistant Portfolio Manager, Baltimore, MD</p>
Item 9E & Miscellaneous	<p><u><b>Other Business Activities and Financial Industry Affiliations</b></u></p> <p>Mr. Dawer is a licensed insurance agent/broker with various companies. In his role as an insurance agent/broker, he may offer commissionable insurance products to Advisor's clients for which he may receive compensation. He is also a registered representative of Purshe Kaplan Sterling Investments, Inc. ("PKS"). Mr. Dawer is a registered representative with Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and Member FINRA/SIPC. In order to comply with FINRA Conduct Rule 3040, PKS as an unaffiliated broker-dealer may periodically review the investment advisory transactions of Advisor. This information will be viewed by PKS' compliance department personnel for supervisory purposes only. No information viewed will be utilized for purposes of solicitation or shared with any affiliation outside the scope of regulatory compliance.</p> <p>These activities constitute approximately 5% of his time.</p>
Miscellaneous	<p><u><b>Participation or Interest in Client Transactions</b></u></p> <p>BFA or individuals associated with the Firm may buy or sell – for their personal account(s) - investment products identical to those recommended to clients. Persons employed by the firm may purchase or sell the same securities as clients, so long as they do not do so on an individual trade basis on the same day. Generally, block trades are utilized by the firm so that BFA's principals and its clients trade on the same terms.</p> <p><u><b>Code of Ethics</b></u></p> <p>As these situations may represent a conflict of interest, BFA has established the following restrictions in order to ensure its fiduciary responsibilities:</p> <ul style="list-style-type: none"><li>▪ BFA emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account. BFA's standard investment process begins with reviewing applicable state statutes, investment policy, and permitted investment language provided by the client.</li></ul>

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Miscellaneous

- Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry. No associated person of the Firm shall prefer his or her own interest to that of the advisory client.
- BFA and its associated persons generally may not purchase and sell securities being considered for, or held by client accounts without pre-clearance of the Firm's Compliance Officer. Moreover, investment personnel may be subject to a blackout period from trading in such securities.
- BFA and its employees generally may not participate in private placements or initial public offerings (IPOs) without pre-clearance from the Firm's Compliance Officer.
- The Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Records will be maintained of all securities bought or sold by the Firm, associated persons of the Firm, and related entities. The compliance officer will review these records on a regular basis.
- Any individual not in observance of the above may be subject to termination.

In accordance with Section 204-A of the Investment Advisers Act of 1940, BFA also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by BFA or any person associated with the Firm.

Miscellaneous

**Privacy Statement**

Advisor is committed to safeguarding the confidential information of its clients and holds all personal information provided to it in the strictest confidence. These records include all personal information that Advisor collects from its clients or receives from other firms in connection with any of the financial services they provide. Advisor also requires other firms with whom they deal to restrict the use of client's information. Advisor's Privacy Policy is available upon client's engagement of the firm's services or by prior request of the clients.

**Insider Trading**

In accordance with Section 204A of the Investment Advisers Act of 1940, Advisor also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Advisor.

**Proxy Voting**

Advisor does not vote proxies.

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Item 10	<p><b><u>Conditions for Managing Accounts</u></b></p> <p>BFA generally requires a minimum account size of \$250,000 as a condition for starting, managing, or maintaining clients' accounts. BFA reserves the right to waive this minimum account requirement.</p>
Items 12A1&2	<p><b><u>INVESTMENT OR BROKERAGE DISCRETION</u></b></p> <p>BFA generally has discretion on client accounts to determine the specific securities to be purchased or sold as well the amount of securities to be purchased or sold.</p>
Item 12B	<p><b><u>Suggestion of Brokers to Clients</u></b></p> <p>Advisor may execute or recommend that clients execute their securities transactions through various firms including, but not limited to broker-dealers such as Fidelity Institutional Wealth Services ("FIWS") through Fidelity Brokerage Services LLC. and Purshe Kaplan Sterling Investments, Inc. ("PKS").</p> <p>FIWS and PKS may charge commissions (ticket charges) for executing Advisor's transactions. Advisor does not receive any part of these separate charges which are assessed directly to clients. FIWS and PKS do not have a role with respect to Advisor's investment advisory accounts, however it may serve as the broker-dealer in cases where clients wish to execute recommendation as part of the implementation of a financial plan. It is important to note that FIWS and PKS do not maintain supervisory relationships with respect to Advisor or its representatives nor are they in any way affiliated with it. Advisor is independently owned and operated.</p> <p>Advisor may recommend/require that clients establish accounts with FIWS to maintain custody of clients' assets and to effect trades for their accounts. FIWS may provide Advisor with access to their institutional trading and custody services, which are typically not available to FIWS retail investors. FIWS' services 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.</p> <p>For Advisor's Client accounts maintained in their custody, FIWS does not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees or securities trades that are executed through FIWS or that settle into FIWS accounts.</p> <p>FIWS also make available to Advisor other products and services that may benefit Advisor but which may not benefits its clients. These types of services will help Advisor in managing and administering client accounts. These include software and other technology that provide access to client account data (i.e. trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of Advisor's fees from</p>

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Item 13A	<p>its clients' accounts; and assist with back-office functions, record-keeping, and client reporting. Many of these services may be used to service all or a substantial number of Advisor's accounts.</p> <p>Advisor does not maintain custody of client assets. In all managed account cases, the custodian sends quarterly statements to Advisor's clients showing all disbursements for the custodian account including the amount of the advisory fees. Clients provide written authorization permitting Advisor to be paid directly for their accounts held by the custodian or trustee.</p>
Item 13B	<p><b><u>Additional Compensation</u></b></p> <p>Applicant may receive research and execution related services from the parties mentioned in Item 12(B) of Schedule F to assist Applicant in managing its accounts. These services and products would include financial publications, pricing information and other products or services. Such research and execution related services are offered to all investment advisers who utilize these firms. However, the commissions charged by these parties may be higher than those charged by a broker who does not provide the aforementioned research and execution related services.</p> <p><b><u>Referral Fees</u></b></p> <p>If a client is introduced to BFA by either an unaffiliated or an affiliated solicitor, BFA may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from BFA's investment management fee. As mentioned in Item 1D, where another investment adviser provides clients with bonafide advisory services (independent of BFA), BFA's advisory fees charged to clients may be higher than they normally are. This may result in additional charge to the client. If the client is introduced to BFA by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of BFA's written disclosure statement as same is set forth on Part II of Form ADV, including this Schedule F, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between BFA and the solicitor, including the compensation to be received by the solicitor from BFA. Any affiliated solicitor of BFA shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation.</p>