

# **Columbia River Advisors, LLC**

## **Part 2A/B of FORM ADV: Firm Brochure and Supplement**

### **Item 1: Cover Page**

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**2115 N. 30<sup>th</sup> Street, Suite 102  
Tacoma, WA 98403**

**Telephone: 253.589.1401**

**Fax: 253.589.1442**

**Email: [compliance@investcra.com](mailto:compliance@investcra.com)**

**[www.investcra.com](http://www.investcra.com)**

This Part 2A/B of FORM ADV (the “Brochure”) provides information about the qualifications and business practices of Columbia River Advisors, LLC (“Columbia River Advisors” or “CRA”). Columbia River Advisors is registered with the United States Securities and Exchange Commission (the “SEC”) as an Investment Adviser; however, such registration is not intended to imply a certain level of skill or training.

The information in this Brochure has not been approved by the SEC or by any state securities regulatory authority. Additional information about Columbia River Advisors is also available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). If you have any questions about the contents of this Brochure, please contact CRA at the information listed above.



## **ITEM 2: SUMMARY OF MATERIAL CHANGES**

No material changes have occurred in this Brochure when compared to the most recent filing of October 27 2017.



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## ITEM 4: ADVISORY BUSINESS

### BACKGROUND INFORMATION

Columbia River Advisors is registered with the Securities and Exchange Commission (the "SEC") as a Registered Investment Adviser, under the Investment Advisors Act of 1940, as amended (the "Advisors Act"), with its principal place of business located in Tacoma, Washington. CRA also has branch offices located in Bellevue, Washington and Burien, Washington. CRA closed its Olympia office at the close of December 2017.

CRA commenced business by filing with the State of Delaware limited liability company and then registered with the Washington Secretary of State to conduct business in November 2011. The principal owners of CRA and their respective ownership interests are as follows, effective October 2017:

Ben Addink: 37.50%	Matt Keefe: 9%
Brian Scalabrino: 36.50%	William Hsu: 3%
Don Foy: 11%	Matt Stredwick: 3%

CRA's primary advisor business is to manage the investment portfolios of individuals and businesses (the "clients") through its investment adviser representatives (the "IAR" or "IARs"), who provide investment advice based on the individual needs of the clients. The IAR's will discuss a Client's particular financial situation and will help them to establish and document their financial goals, investment objectives, time horizons and level of investment risk tolerance. The Advisor Representatives also review and discuss a Client's prior investment experience in order to properly advise and ensure that the advisory services provided are appropriate, which is then documented the Portfolio Management Agreement (the "Portfolio Management Agreement" or "PMA") executed between a Client and CRA for these services. In this capacity, CRA and its IARs act as fiduciaries for clients.

CRA offers the following investment advisory services to its clients:

### PORTFOLIO MANAGEMENT

#### OVERVIEW

CRA's Advisor Representatives serve as portfolio managers to CRA clients and manage their accounts with various investment methodologies that are disclosed under Item 8, Investment Strategies, below. Securities used by CRA include and are not limited to the following: (a) Mutual Funds (open-ended), no-load or load waived; (b) Exchange Traded Funds; (c) Equity and fixed income securities (individual equities, corporate debt, certificates of deposit, municipal securities, and US government securities); and (d) Alternative assets, which may include, liquid mutual funds, liquid exchange traded funds and private placements (not liquid "Funds or Fund").

Services are provided on primarily a discretionary basis (transactions are placed on your behalf without prior knowledge, consistent with your objectives and needs) or on a non-discretionary basis (where you are required to confirm, prior to our placement, each transaction for your account(s)). Most of our non-discretionary clients are "legacy clients" from firms acquired by CRA or from IARs who join CRA from other investment advisers.

#### IDENTIFYING CLIENT'S GOALS AND OBJECTIVES

In order for CRA to better understand a Client's investment objectives and level of risk tolerance, CRA may utilize several techniques, including, but not limited to the following:

- **Discovery Document.** When we meet with a new or existing Client, we gather information from the conversation using our discovery document. This discovery document affirms our knowledge and understanding of you, your needs, and circumstances and affirms to you the accuracy of our understanding.

- **Investment Policy Statements (“IPS”).** These statements are used by CRA to document each Client’s goals, objectives, risk tolerances, personal and family obligations and related data points. This allows for the appropriate portfolio construction and asset allocation. A certain number of our clients, that have been obtained through acquisition of investment advisory books of business (the “Books of Business”), have had an IPS prepared and updated prior to CRA’s acquisition of that firm. It is this IPS that CRA reviews with each Client and we work with you to keep the IPS updated. Typically, this is annually or when a Client’s personal or financial situation changes. This IPS is reviewed with the Client during a portfolio management review by the Advisor Representative and any changes are updated in the IPS.
- **RiskAlyze.** RiskAlyze is a third-party software program used primarily by CRA’s Bellevue Office and the Burien Office. It is generally no longer used in our Tacoma, WA office. RiskAlyze is used to identify your overall investment risk tolerance, the risk level of your portfolio asset allocation and used to help recommend portfolio investment allocations of your investment assets with CRA. RiskAlyze is completed either through a software link that you complete independently with results saved and accessed by your CRA IAR or your IAR is available to assist you in the completion of the survey. Often, a client’s risk tolerance is different from the actual portfolio risk level. If there is a difference between your risk or and the risk for of your portfolio, we review that with you and explain the difference. RiskAlyze assesses risk on an individual security level and then combines the weightings of the securities and risk scores into the total portfolio score. The output from RiskAlyze is labeled as an Investment Policy Statement (“IPS”) which is different from CRA’s standard IPS discussed below. The RiskAlyze assessment *is not used* for Private Funds, due to their illiquidity and lack of public market in which to accurately value those investments. Since Blue Water Investment Fund, II, L.P. (“BW II”) is a private fund managed by CRA; BW II does not have a risk score included in the RiskAlyze assessment for those clients who are investors in BW II.

## MARGIN ACCOUNTS

Clients often open cash accounts (accounts valued with security holdings, and cash). To eliminate an opportunity for a trade error in an account where the client has used available cash with a debit card or check on the account, a client can request or inquire about a margin account. CRA may also suggest the client open a margin, versus cash account.

In a margin account, the securities and account value are used as collateral from your broker / custodian that creates additional value in your account based on the total account value. This margin loan balance is up to 50% of the total account value before the margin. For example, an account value of \$500,000 creates margin available of \$250,000. There is no requirement for CRA or a client to use a margin value, however, if used, you, the client will pay margin interest fees to your broker custodian for ANY margin value used. We have found this is very convenient for clients, especially if unknown expenses are created (home, car, family member, medical event, etc.).

Going forward, a margin account is only used when requested by a client.

Not all of our clients have margin accounts. They are created in the account application form with your broker custodian; include additional documentation and disclosures from your broker custodian. We are happy to address any questions you may have on margin and margin accounts.

## CRA’S MODEL PORTFOLIOS AND INVESTMENT PROCESS

CRA uses investments in customized asset allocations comprised of traditional asset classes which include: Equity, Fixed Income, and Alternative Asset Classes including Cash.

Security types used for all asset classes include: Mutual funds, exchange traded funds (“ETFs”), active/passive Smart Beta Strategies and passive ETFs, across all of the CRA designed Model portfolios (the “Model Portfolios or Models”). These Models are created with varying investment return expectations and associated risks. These Models are designed to provide both passive and active investment management through these described asset classes. Certain asset class Mutual Funds and ETFs are also considered liquid tactical alternative assets, for example, real estate, commodities, etc.



CRA's Model Portfolios include the following; each is structured with a two percent (2%) allocation of cash for each listed Model:

- Conservative
- Moderate
- Balanced
- Growth
- Aggressive Growth
- Tax managed Conservative
- Tax managed Moderate
- Tax managed Balanced
- Tax managed Growth
- Tax managed Equity Growth

Not all IARs use CRA's standard, corporate investment models. Some models are legacy models and were created by and are managed by your specific IAR. Not all IARs are supervised or monitored by CRA's investment committee or Chief Investment Officer (Matt Keefe).

#### INVESTMENT RESTRICTIONS OR LIMITATIONS

Investment restrictions or limitations you may impose on us, if any, are documented in Exhibit B of the Portfolio Management Agreement that a client has signed with CRA. Changes to investment restrictions that you request are reviewed by CRA and approved in writing. However, CRA reserves the right to not accept an account (or to terminate an account) if we believe the investment restrictions are so restrictive that we cannot deliver our portfolio management services to you and meet our contractual, fiduciary obligations. Investment restrictions include, but are not limited to the following:

- **Equity Concentrations.** For example, if a Client works for a company that issues stock, the restriction would be the Client cannot accumulate any more of that particular security through their engagement with CRA.
- **Restrictions for Moral Reasons.** For example, tobacco, foreign issuers, child labor, violations of federal and state securities regulations, weapon manufacturers, etc.
- **Unmanaged Assets.** Those assets held in your account for your convenience, but not "managed" by CRA are unmanaged (the "Unmanaged Assets"). Unmanaged Assets *are not included* in total account values for fee calculations, or performance calculations under the terms of your PMA; they are listed (whether manually input by us or held by the custodian for your account, either at TD Ameritrade, Fidelity or Schwab, see Item 12 below) as a convenience for clients. Our back-office service provider, Orion Advisor Services ("Orion") uses the term "unsupervised" with the same meaning as Unmanaged Assets.

#### PRIVATE FUNDS<sup>1</sup>

These are alternative investments (the "Alternative Investments or Fund(s)") and generally are available only to those of our clients who qualify as an Accredited Investor, as defined under Regulation D, Section 501 of the Securities Act of 1933 (the "33 Act") or other regulatory net worth qualifications. We will only recommend a Fund when the recommendation is suitable for you, based on your previously identified investment objectives and level of risk tolerance. The RiskAlyze assessment is not used for Private Equity funds due in part to their illiquidity and lack a public market in which to accurately value those investments. Alternative Investments have a higher degree of risk, are not generally traded on public markets and are not easily convertible into cash. Alternative Investments are

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<sup>1</sup>Columbia River is the General Partner and investment adviser to Blue Water Investment Fund II, L.P. The following private equity Funds: Madison Capital ("MadCap") and Madison Industries, are managed by Madison Capital Partners, SEC File Number 801-73760, Chicago, IL. And Chataqua is managed by Broadview Advisors, SEC File Number 801-60114, Milwaukee, Wisconsin.



included in a Client's overall portfolio management fee calculation and will typically have the security value at the next net asset value (the "NAV") prepared by a third-party administrator or another vendor of the issuer of the security.

## **HOUSEHOLDING OF ACCOUNTS<sup>2</sup>**

When determining your investment goals and objectives, we will group your accounts by household (the "Household Account (s)"), which are all accounts that have the same physical address and use the same tax identification number or social security number. This allows us to better understand your full financial picture, including a risk tolerance survey that applies to your assets under our management as one group or "household." Each Household Account is identified on Schedule A of the Portfolio Management Agreement, executed with CRA and includes, but are not limited to the following: (a) individual; (b) joint (husband, wife, brother/sister or parent); (c) uniform gift to minor accounts ("UGMA"); for children under 18 years); (d) individual retirement accounts ("IRAs") or Roth IRAs; and (e) trusts or estates, among others, if they meet the criteria.

Some types of accounts cannot be classified as Household Accounts, including, but not limited to, a corporation's capital reserve or certain "qualified plans", such as the Employee Retirement Income Security Act ("ERISA"). These types of accounts would have their own: (a) Portfolio Management Agreement; (b) risk tolerance analysis; and (c) separate quarterly reports.

## **FINANCIAL PLANNING/CONSULTING**

### **OVERVIEW**

CRA believes financial planning is an important component in providing services to our clients. For new client relationships, CRA will review a Client's investment and other assets in order to prepare a summary of your assets (the "Asset Map"), which will help us identify and monitor your investments. Additionally, CRA also has IAR's who can provide more extensively researched financial planning services. Based on your specific needs and questions, this may be in the form of a limited financial assessment of Client needs (the "Limited Financial Plan") or a more formal written comprehensive financial plan (the "Comprehensive Financial Plan"), both are further described below. Clients who enter into a Portfolio Management Agreement with CRA have access to CRA IARs and can receive a Limited or Comprehensive Financial Plan for no additional fees.

For those individuals who do not enter into a Portfolio Management Agreement with CRA, they can elect to have a Limited Financial Plan or a Comprehensive Financial Plan prepared by entering into a financial planning agreement (the "Financial Plan Agreement"), where a financial planning fee would be charged. See Item 5.

### **LIMITED FINANCIAL PLAN**

The Limited Financial Plan is designed to provide a more basic understanding of a Client's current financial situation, as compared to where they would like to be in the future. The Limited Financial Plan is less formal and provides a lesser degree of detail than the Comprehensive Financial Plan. The Limited Financial Plan is more topical and limited in scope, such as being focused on only one question or issue and is provided in the form of a discussion, summary letter or other communication to a client, resulting from and assessment of a client's question or issue related to their financial assets.

### **COMPREHENSIVE FINANCIAL PLAN**

Generally, our Comprehensive Financial Plan encompasses a number of areas that affect your personal life and financial assets. These areas include, but are not limited to the following:

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<sup>2</sup> Household of accounts for EAM clients that were acquired by CRA are grandfathered in (the date of acquisition), therefore, some Househanded accounts do not meet the criteria as described above, including one IAR in Bellevue whose accounts were not "householded" prior to his joining CRA and after joining CRA. As a result, these clients pay higher advisory fees than if their accounts were householded as described in this Brochure.



- Wealth accumulation and preservation: retirement, setting goals, IRA rollovers, 401k rollovers, tax management, multi-generational IRAs, and charitable donations.
- Realistic lifestyle management: education savings.
- Tax consequences and solutions.
- Personal portfolio tailoring: investments, retirement, estate planning, management of probate expenses, management of estate taxes, family asset management, property titles, and post death and other tax advice.
- Insurance – Risk Management: current and future risk exposures, in place coverage for cost effectiveness, long term care and independence, and family income in the event of disability or death.

To develop a Comprehensive Financial Plan, we will work closely with you and your other professional service providers, such as attorneys, accountants, other advisors, etc. The Comprehensive Financial Plan provides a detailed analysis and not limited to any product or service to help identify and address your specific financial planning needs. The plan will cover your personal financial goals, objectives, taxes, retirement, trusts, and other financial obligations, among others. We may assist you in the implementation of the recommendations that are set forth in the Comprehensive Financial Plan; however, that is solely your decision.

Our financial planning recommendations are broad in scope and not limited to any product or service to help identify and address your specific financial planning needs. The output of a Comprehensive Financial Plan includes, but is not limited to the following: (a) recommended changes, to assist you in meeting your goals or objectives; (b) changes in your overall asset allocation; (c) changes to your saving habits; (d) realistic goals to achieve your retirement expectations; (e) establish trusts or estate documents (tax planning); and (f) other recommended needs.

#### INSURANCE PRODUCT SERVICES

From time to time CRA may have IARs or employees who are insurance agents licensed to sell insurance products or services to individuals. CRA clients are not obligated to use these insurance agents for insurance services and may use any insurance agency or broker you choose to implement financial or estate planning recommendations. When recommendations are made for the purchase, sale or exchange of insurance products, a disclosure of the conflict must be provided to the client.

CRA prohibits the recommendation, purchase, sale, or exchange of insurance services or products for client's subject to the Employment Retirement Income Security Act ("ERISA") or the Internal Revenue Code ("IRC") such as an Individual Retirement Account ("IRA") or similar accounts under the IRC. This is applicable due to the Department of Labor's new Uniform Fiduciary Duty Rule, which was partially effective June 9, 2017.

#### 401K AND RETIREMENT SERVICES

CRA provides investment advice to 401k plans and similar accounts as a named fiduciary, including those subject to the new Department of Labor ("DOL") Uniform Fiduciary Duty Rule (the "DOL Rule"). Depending upon the form and organization of the retirement accounts (e.g. 401k, pension, profit-sharing plan, money purchase pension plan, IRA, SEPIRA, etc.), collectively (the "Plan"), the services are determined with each retirement client. As part of these fiduciary investment advice services, CRA may also provide "non-advice services" such as employee training or education to plan participants for the employer who sponsors the 401k (or similar) plan). For these accounts subject to ERISA or the DOL Rule plans, we have various tools and educational materials that assist a participant or retirement account holder in the development and determination of an "asset allocation" that makes the most sense for the individual account client. The retirement services we offer include, but are not limited to the following:

- **Retirement Services Consulting.** CRA provides mutual fund evaluation and recommendation services to the retirement plan trustees and /or the account holder. When providing advice to a Plan, the Plan itself is our Client. The trustees (one or more employees of the company sponsoring the plan) are "named fiduciaries" to the plan under ERISA supervised by the Department of Labor ("DOL") and enter into an



agreement with CRA, which identifies the services provided. These are either 3 (21) or 3 (38) services by CRA to the Plan and its trustees, as identified under these sections of ERISA.

- **Non-discretionary / consulting, 3 (21) services.** For 3 (21) services, the plan's named fiduciaries are charged with the final determination to accept or reject investment recommendations made by CRA. In addition, these named fiduciaries are responsible for the overall administration of the plan (and their various service providers, including a custodian, plan administrator, etc.). Services of this nature are provided typically to "daily valued 401k plans." Advice provided by the plan's trustees and CRA is for the sole interest of the plan and its participants.
- **Discretionary advisory services.** For 3 (38) services under ERISA, CRA, applicable to a few 401k or money purchase pension plans, CRA is a named fiduciary with investment discretionary authority provided by the trustees to CRA. This means that CRA is charged with the development, monitoring and making changes to the investment options of the plan, including asset allocation models used by the plan and its participants. As stated above, the plan trustees have the responsibility to monitor and provide administration of the plan and its service providers. All services provided by the trustees of the plan and CRA are in the sole interest of the plan and its participants.

## COMPLIANCE WITH THE DEPARTMENT OF LABOR "UNIFORM FIDUCIARY DUTY RULE"

This rule, which took effect (partially) on June 9, 2017, will be fully active due to the DOL requesting and receiving a delay of implementation until July 1, 2019. Currently, the rule is partially implemented, meaning that CRA is obligated to meet and document the following now through the year end of 2018.

1. CRA provides investment advice to IRAs and other IRC type accounts on a level fee basis.
2. Meet the Impartial Conduct Standards, including the following:
  - a. Provide investment advice in the retirement client's best interest
  - b. To charge no more than a reasonable fee / compensation (disclosed in this disclosure document) for services provided; and
  - c. Make no misleading statements about investment transactions, compensation received (only advisory fees) conflicts of interest or other matters related to the investment advice provided.

## GENERAL PARTNER FOR AFFILIATED PRIVATE EQUITY FUND

### BLUE WATER INVESTMENT FUND II, L.P.

#### GENERAL INFORMATION

CRA formed Blue Water Investment Fund II, L.P., ("BW II"), in May 2012 and is also the general partner (the "General Partner"). BW II's primary investment strategy is to provide debt financing to CRA, which is also the general partner to BW II (the "General Partner"), who in turn combines the loan proceeds with seller-financing, if applicable, to acquire or refinance the acquisition of investment advisory "books of business" (the "Books of Business"). In return for the loan proceeds, the General Partner issues fixed-rate and secured promissory notes (the "Promissory Notes") to BW II, subject to priority loan positions. The loans bear an interest at a rate equal to the prime rate (at the time the promissory note is executed) plus five percent (5%) and pay no less frequently than semi-annual payments of the principal and accrued interest during the life of the loan that are amortized with a final balloon payment on December 31, 2019 (the "Maturity Date"). The loans by BW II to the General Partner are collateralized by a second



position priority lien in the Books of Business acquired by the General Partner (subordinated to any seller financing or commercial bank loans) and, collectively, a first position priority lien on all of the General Partner's other assets.

As of the date of this filing, BW II has nine (9) Promissory Notes issued from CRA, totaling approximately \$5,388,788. The Promissory Notes pay an annual interest between 8.25% and 9.5%, depending on dates each were issued. All based on the prime rate plus 5% at the time of issuance. In addition to the Promissory Notes, BW II assets under management include three (3) residential real estate property investments, totaling approximately One Hundred Thirteen Thousand Four Hundred Forty-Four Thousand and 00/100 Dollars (\$113,444.00).

#### **NO REDEMPTION PRIOR TO MATURITY DATE UNLESS APPROVED BY THE GENERAL PARTNER**

Under the terms of the BW II limited partnership agreement, a limited partner in BW II is not permitted to withdraw any part of their investment prior to the Maturity Date, unless approved by the General Partner. While the General Partner is not required to meet any BW II limited partner redemption requests prior to the Maturity Date, it may, at its sole discretion, attempt to allocate available net cash flow from operations and/or financing to those BW II limited partners that notify the General Partner of a redemption request prior to the Maturity Date. Once an investor in BW II notifies the General Partner that they would like to have their investment in BW II redeemed, the limited partner requesting redemption must sign a notice of redemption agreement (the "Notice of Redemption"). When the General Partner can allocate cash for the redeeming BW II investors that have signed a Notice of Redemption, they will be proportionately allocated cash that the General Partner is paying out for redemption, based on their respective ownership percentage of BW II.

#### **PROMISSORY NOTES RISK OF LOSS**

As the BW II offering documents disclosed, an investment in BW II is highly speculative and an investor could lose all or a portion of their investment. Prior to the Maturity Date, the General Partner believes that its normal business operations and financial position will allow it to obtain financing from a commercial lender in order to pay off the Promissory Notes. If it is not possible for the General Partner to obtain financing and pay off the Promissory Notes prior to the Maturity Date, the General Partner may have to request extensions on the maturity of the Promissory Notes from BW II investors. If the General Partner is not able to refinance or receive extensions for the Promissory Notes, the General Partner may be forced to liquidate all or a portion of its Books of Business, the collateral underlying the Promissory Notes, in order to attempt to meet the Promissory Notes contractual loan commitments. Furthermore, if the General Partner is forced to liquidate its Books of Business in order to pay off the Promissory Notes, there is no guarantee that the proceeds from the sale of the Books of Business would be adequate to meet its loan commitments with BW II and the investors in BW II may lose all or a portion of their investment.

#### **AUDITED FINANCIALS REQUIREMENT FOR BW II**

CRA engages Piercy Bowler Taylor & Kern ("PBTk") to conduct the annual financial audit of BW II. BW II limited partners are provided a copy of the audited financial report, prepared by PBTk in accordance with Generally Accepted Accounting Principles ("GAAP"). As required by the Advisors Act. These audited financials of BW II are required to be delivered to the BW II limited partners within one hundred twenty (120) days of BW II's fiscal year end (12/31). If CRA learns that, in any given year, the audited financials prepared by PBTk are going to be completed later than 120 days after the BW II fiscal year, CRA will inform all BW II limited partners in writing of the delay and provide an approximate time frame when the financial audit will be completed.



## **CRA ASSETS UNDER MANAGEMENT AS OF DECEMBER 31, 2017:**

<b>Discretionary:</b> <sup>3</sup>	\$299,148,058
<b>Non-discretionary:</b> <sup>4</sup>	\$31,562,025
<b>Total Assets under Management:</b>	\$330,710,083

## **ITEM 5: FEES AND COMPENSATION**

### **PORTFOLIO MANAGEMENT FEES**

The following information applies to all of CRA's portfolio management services. Clients that were with the advisory firm, Evergreen Asset Management, LLC ("EAM") that was acquired by CRA, have previously established fee schedules that are "grandfathered" in and are not available to new clients. The two fee options available for new CRA clients and those who were not with EAM are (1) "Flat Fee" and (2) "Tiered Fee" arrangements, described as follows. Fees are charged in advance of the service and are pro-rated for accounts opened or closed during a calendar quarter<sup>5</sup>:

#### **FLAT ASSET BASED FEE ON ALL HOUSEHOLD ACCOUNT ASSETS**

For a Flat Fee schedule, each Client agrees to pay CRA an annual fee, billed quarterly, in advance of the service. This fee is a percentage of the market value of all assets in the Household Account(s) on the last trading day of the calendar quarter or upon the inception of the account(s). Fees are calculated based on the daily average value of the account(s) over the calendar quarter as calculated by CRA's back office vendor.

Flat Fees are negotiated between the Client and the Advisor Representative and the agreed upon Flat Fee is documented in the PMA signed with CRA.

#### **FLAT FEE SCHEDULE ON ALL HOUSEHOLD ACCOUNT ASSETS**

CRA will charge up to 2.0% (or 200 basis points) for managing invested Client assets. The factors we use when negotiating advisory fees include, but are not limited to the following: (a) number of actual Accounts (household); (b) size of the relationship; (c) the opportunity to receive additional contributions; (d) investment restrictions; and (e) client meetings, reporting; among other factors.

#### **TIERED FEE SCHEDULE ON ALL HOUSEHOLD ACCOUNT ASSETS**

For a Tiered Fee schedule, each Client agrees to pay CRA an annual fee, billed quarterly, in advance of the service. This fee is tiered, which means all assets on a specific tier are charged the fee. If the assets exceed the first tier, then the second-tier fee is charged on the assets within that tier, and so on. Tiers are based upon the market value of all assets in the Household Account(s) on the last trading day of the calendar quarter or upon the inception of the account(s) or they are pro-rated for accounts opened on a day other than the first day of a calendar quarter. The chart below illustrates the Tiered Fee ranges CRA charges its clients<sup>6</sup>.

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<sup>3</sup> This is the AUM as of 12/31/17 for CRA fee paying and unmanaged assets for clients. It does not include ALL assets of our employees, their family or beneficial ownership accounts. It includes only some of the family / beneficial ownership accounts which are not charged an advisory fee.

<sup>4</sup> Although CRA officially ceased accepting new non-discretionary accounts during July 2015, we have legacy non-discretionary accounts from one IAR that joined CRA and includes clients of Evergreen Asset Management acquired in December 2015.

<sup>5</sup> Upon request, CRA charges fees in arrears.

<sup>6</sup> CRA has grown in size, partially with the acquisition of Books of Business from other investment advisers or investment adviser representatives. In doing so, CRA tries to accommodate these new clients by honoring fee schedules that were in place at the prior firm. As a result, CRA has Client relationships with fee schedules, including tiered fee schedules that differ from those disclosed here and household groups as previously described.

<b>TIER</b>	<b>FEE RANGE</b>
Up to \$1 million of assets	1.00% to 2.00%
\$1 million to \$5 million of	0.70% to 1.00%
Over \$5 million of assets	Negotiable

The factors we use when negotiating advisory fees include, but are not limited to the following: (a) number of actual Accounts within a household; (b) size of the relationship; (c) the opportunity to receive additional contributions; (e) investment restrictions; and (g) Client meetings/reporting; among other factors.

#### **FINANCIAL PLANNING/CONSULTING FEES**

Clients who enter into a Portfolio Management Agreement with CRA have access to CRA's financial planners and can receive a Limited or a Comprehensive Financial Plan at no additional fee.

If you are an individual that has not signed a Portfolio Management Agreement with CRA and would like the Comprehensive or Limited Financial Plan, CRA will enter into a separate financial planning or consulting agreement with you for those services. These planning fees are as follows:

#### **HOURLY FEES**

Range from \$150.00 to \$500.00 per hour, billed in fifteen (15) minute increments. If the financial planning arrangement is for hourly fees only, we will bill you monthly for time spent on the financial planning service showing the charges.

#### **FIXED FEES**

Fixed fees range anywhere from \$1,500.00 to \$20,000.00 or more, based upon the complexity of your financial and personal situation. Fixed fees are negotiated between you and your IAR. There is a minimum fixed fee of \$1,500.00 with 50% of the fixed fee due with your execution of the planning agreement.

#### **401K AND RETIREMENT SERVICE FEES**

Fees for the service are based on the aggregated assets of the plan served, and are determined on a fixed fee or tiered fee basis as described above. Clients of EAM prior to CRA's acquisition have fee schedules that vary from the flat fee schedule described here. Fees are charged in advance of the service and are pro-rated for relationships established or closed during a calendar quarter. Specific fees are identified in the service agreement we enter into with you.

#### **DIRECT DEBIT**

We prefer that you authorize to have our advisory fee initially and quarterly thereafter deducted from your custodial account. If you do so, we calculate and send a debit request to your broker/custodian to pay the fee amount indicated. The broker custodian then sends the debited advisory fees to CRA. We send you a statement, which reflects (a) assets on which the fee is based; (b) annual fee charged; (c) method of calculation (multiplication, pro-rated for the number of days the services were provided); and (d) total amount of the fee due for the period.

#### **PAY BY CHECK**

Some CRA clients have elected to pay by check. If requested, you may pay your advisory fee by check upon your receipt of an invoice from CRA.



## **VALUATIONS**

For securities that trade on an exchange or are actively traded, your custodian will provide account values for performance and fee calculation purposes. All valuations are provided by the custodian you select in the PMA: TD Ameritrade, Inc., Fidelity Investments, Inc., and Charles Schwab and Co., Inc. See Item 12.

## **ILLIQUID SECURITIES**

Alternative investments, such as non-traded real estate investment trusts ("REITS"), private equity funds and other investments that are not traded in the public market are called "Illiquid Securities". As of the filing of this Brochure, BW II, Chataqua and Madison Capital Industries are included as certain Illiquid Securities that some of our clients hold in their portfolios. Although Illiquid Securities may be suitable for your account, based on your level of risk tolerance, they are not easily converted into cash and are difficult to value, and redemptions or withdrawal of cash from Illiquid Securities investments, may not be allowed by the issuer of the security. When redemptions are allowed, the dollar amount of the security being redeemed is determined by the issuer (or underwriter) of the Illiquid Securities. These securities typically are not held by your broker/custodian, but may be included in reporting through Orion. Updates to such valuations do not occur unless or until the issuer provides updated balances/valuations or statements to clients and CRA for valuation, performance and fee calculation purposes. Unless the subscription documents for that particular investment states otherwise, Illiquid Securities are part of a clients' overall portfolio with CRA and are included in the portfolio management fee calculation in the PMA.

With the exception of, BW II, CRA does not review and approve valuations of Illiquid Securities that are provided to Orion. The valuations from the Fund Administrator for BW II are sent to CRA for review and then, upon approval from CRA, the Fund Administrator sends those valuations to the BW II limited partner and custodian that have been selected by the Client, for inclusion on the limited partner custodial brokerage statement.

## **OTHER COMPENSATION-INSURANCE**

When your IAR sells an insurance, product sponsored by insurance company, that company that underwrites that insurance product will pay a commission to your IAR (as an insurance agent) for separate and commission compensation for that insurance transaction. When recommendations are made by your IAR that is licensed with the Washington State Insurance Commission to sell insurance products, those recommendation create a conflict of interest that must be disclosed to you in writing prior to the transaction.

## **BLUE WATER INVESTMENT FUND II, L.P.**

### **GENERAL INFORMATION**

As previously disclosed in this ADV Amendment, CRA is the general partner and investment adviser to BW II, an affiliated Private Fund. CRA does not charge an advisory fee to BW II; the Fund receives a loan origination fee equal to one percent (1%) of the value of each loan made to the General Partner at the time the note is issued.

The General Partner does not charge BW II a management fee; however, the limited partner's investment in BW II is part of their assets under management managed by CRA and is subject to the advisory fee agreed to in their respective Portfolio Management Agreements. In addition, CRA as the General Partner was reimbursed by BW II for certain organizational costs related to the formation of BW II and BW II is responsible for ongoing operational fees and expenses.

### **VALUATIONS OF LOANS MADE BY BW II**

The General Partner has entered into promissory notes and security agreements for the loans provided by BW II, which specify the amount of the loan, the interest rate, and the collateral to secure each note. The General Partner will make effort to keep book value of assets exceeding liabilities but Investors understand there is a risk that at any given



time the value of the security collateralizing the loans may be less than the liabilities. APEX Fund Services, Inc.; a third-party fund administrator (the “Administrator”) was hired to:

- Prepare and monitor CRA’s payments via an amortization schedule for each of the notes currently outstanding and issued;
- Calculate the Fund’s net asset value at the end of each month (“NAV”) each investor’s limited partner capital account value.

Additionally, the General Partner has the obligation to use third party services to assist in the market value of the real estate holdings in BW II. These services, used each quarter, are used to obtain periodic values from organizations such as Zillow for that purpose.

The General Partner reviews the BW II net asset value monthly and limited partner capital account calculations (the “NAV”) when delivered by the Administrator, prior to their delivery by the Administrator to the BW II limited partners. These NAV calculations and limited partner statements are scheduled to be released each calendar month (within 15 days of a calendar month end); however, this time line is not always met due to circumstances outside of the control of CRA and/or the Administrator.

## **GENERAL INFORMATION ON ADVISORY SERVICES AND FEES**

### **TERMINATION OF AGREEMENTS**

A Portfolio Management Agreement, Comprehensive or Limited Financial Plan Agreement or an ERISA services Agreement may be immediately terminated by CRA or the Client by delivery of written notice. Since the PMA fees are paid in advance, if you terminate the PMA, we will earn our fees through the date of termination. All transactions placed on your behalf are allowed to settle; however, we will take no further action on your behalf after the date of termination. Unearned pre-paid advisory fees will be returned within thirty (30) days of the date of termination, calculated on the number of days left in the calendar quarter.

### **FINANCIAL PLANNING AGREEMENT**

Financial planning services are free to those clients that receiving portfolio management services from CRA and have executed a PMA. For those individuals the desire a Limited or Comprehensive Plan and are not portfolio management clients with CRA, you will enter into a Financial Planning Agreement with CRA

### **ADVISORY SERVICES TO CRA FAMILY/FRIENDS**

At the discretion of CRA, we may provide the same or similar services we provide to you at reduced or no fee to our employees, members of their family and friends of employees. Similar or reduced fees or services for no fee are not available to our general clients.

### **OTHER INVESTMENT ADVISORY SERVICES**

The advisory services available from CRA may be available from other Investment Advisers or investment professionals at fee schedules that are lower or higher than those charged by CRA.

### **ACCOUNTS SUBJECT TO ERISA**

ERISA and regulations under the IRC govern IRA and similar accounts. As stated previously, CRA is a fiduciary to all of our clients including those subject to ERISA and the IRC. As a result, we are subject to specific duties and obligations under ERISA and the IRC that include, among other things, restrictions concerning certain forms of





compensation we may receive from third parties. These include certain prohibited transactions and class exemptions published by the DOL.

#### **OTHER FEES AND EXPENSES YOU MAY INCUR**

The total advisory fees you pay and other costs associated with your account impact the overall performance of your portfolio. It is important to review these costs with your IAR when making your advisory and investment decisions. Costs may include, and are not necessarily limited to:

- (a) Brokerage commissions if any on transactions;
- (b) Transaction fees;
- (c) Other related costs and expenses; and
- (d) Charges imposed by custodians, brokers, mutual funds, Exchange Traded Funds, Private Placements and other securities. These fees include and are not limited to:
  - i. Advisory fees and administrative fees charged by the investment advisers and administrators / service providers to Mutual Funds ("MF"), and Exchange Traded Funds ("ETFs");
  - ii. Custodial fees, if any;
  - iii. Deferred sales charges (MF);
  - iv. Transfer taxes;
  - v. Wire transfer and electronic processing fees and/or
  - vi. Commissions or markups/mark-downs on security transactions, unless the mutual fund / ETF is available on the third party qualified custodian's platform on a no-transaction fee basis;
  - vii. Exchange and SEC fee. See Item 12 (Brokerage Practices).

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

We do not charge any of our Client's performance-based fees.<sup>7</sup> All of our advisory fees are charged only as described in this Brochure.

### **ITEM 7: TYPES OF CLIENTS AND ACCOUNT REQUIREMENTS**

CRA generally provides investment advisory services to individuals, including high net worth individuals (assets that exceed \$1 million). To a lesser extent, CRA also provides services to pension and profit sharing plans, charitable organizations, a private fund, corporations or business entities.

For Portfolio Management Services, CRA has a minimum requirement \$250,000.00, which may be reduced at CRA's discretion, to open and maintain an account and / or Household Account.

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

#### **INFORMATION RESOURCES**

Information resources utilized by CRA to provide investment advice includes, but are not limited to the following:

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<sup>7</sup> Performance Based fees are charged pursuant to an agreement and are based upon the capital appreciation of your account or invested assets. Although CRA is the General Partner to BW II, a private fund, BW II is not charged a performance-based fee.



- Financial journals;
- Research materials provided by third parties;
- Shareholder reports;
- Annual reports, prospectus, filings with SEC; and
- Company press releases.

CRA has developed a method of analysis to determine which securities are approved for possible inclusion in a client's account through our investment models. This starts with our investment philosophy that is developed by our investment committee (the "IC"). The IC determines the securities CRA considers for a Client's appropriate investment model and the level of risk for those securities. The IC uses a variety of financial information sources to select its security or industry investment choices. Those sources include, but are not limited to:

- Publicly available financial information, such as company annual reports, financial filings; and research reports;
- Morningstar reports;
- Among others

CRA's investing methodology (buy and manage), includes, but is not limited to the following:

- Decisions, based in part on Modern Portfolio Theory ("MPT"), we incorporate traditional and non- traditional asset allocation (equities, fixed income and alternative assets).
- Diversification, strategic and tactical asset weightings.
- Passive and active management of account assets.
- Emphasis on managing downside portfolio risks.
- Emphasis, as appropriate for tax management strategies within taxable portfolios.

#### **INVESTMENT COMMITTEE**

The CRA IC evaluates securities, asset allocation and models for our portfolios by evaluating and making investment decisions, resulting in an approved list of securities for an investment model portfolio. While the IC makes investment model Portfolio recommendations for use by most of its IARs, CRA has one IAR that works out of its Burien, Washington office that maintains his own investment models that were previously established for his clients and does not use the CRA IC models.

The following is a list of market factors and techniques considered by the IC in approving a model portfolio:

- (a) Economic trends, including macro market analysis (economic, political and legal factors);
- (b) Technical analysis (described below);
- (c) Fundamental analysis (described below);
- (d) Cyclically Adjusted Price Earnings Ratios ("CAPER");
- (e) Charting (described below);
- (f) Interest rate trends and credit spreads; and
- (g) Cyclical Analysis (described below).



## **TECHNICAL ANALYSIS**

CRA's technical analysis includes the evaluation of market data to forecast the direction of prices through the study of past market data. We focus primarily on price and volume by examining what investors fear or think about those developments. We also try to assess whether or not investors have the wherewithal to back up their opinions.

## **FUNDAMENTAL ANALYSIS**

Fundamental analysis is used to examine an Issuer (company) or other security by examining the historical and current earnings, dividends, new products/innovation, research and other criteria unique to that Issuer. We balance these two analysis methods by examining the resulted data together. Both have limitations inherent in their use as both include assumptions about the various stock, bond and global markets or economies.

## **CHARTING**

Charting may also be used, including plotting the span between the high and low prices of a security, industry, or sector during specified trading periods. Some price spans widen and fill during the interval between the open and close prices to emphasize the open/close relationship. A risk of relying on charting would be similar to the weaknesses of the technical or fundamental approach. The price may reflect a trend as opposed to fundamental research, which holds that economic factors influence a security's price.

## **CYCLICAL ANALYSIS**

Cyclical Analysis allows CRA to examine the data (on a recurring and periodic basis) and movements in prices or other time related factors to determine what patterns occur over time related to an issuer, industry, or sector. Again, cyclical may be too narrow a measurement to predict price movements without the addition of, or integration of, other relevant factors.

## **INVESTMENT STRATEGIES**

CRA is a long-term focused adviser and portfolio manager. Our strategies are based specifically on Client needs, risk tolerance, goals/objectives, tax status and related personal factors. CRA may, due to market conditions, trade securities for your accounts more frequently (less than one year of holding the security).

CRA creates Client securities portfolios based upon Client data and information as previously described and with our investment models that have varying levels of risk. We then align your needs with our model portfolios as described under Item 4 and use the appropriate model as a guide. Substitutions to the models may occur due to, special circumstances, market conditions and new recommendations from the Investment Committee and/or your current holdings. For example, if a new Client comes to CRA and a mutual fund is held by the Client, which is similar to a security in the model, we may decide not to replace that security in an effort to avoid tax implications or transaction costs.

CRA's Investment Committee establishes the asset allocation, securities and rebalancing decisions for each of our models (except the IAR located in the Burien, Washington office). CRA's IARs then make independent portfolio management decisions for each Client's account. Securities used across all of our models include, but are not limited to the following:

- Equities: U.S. Large cap, U.S. Small cap, developed international, emerging markets, growth and value.
- Fixed Income: Short, intermediate and long-term maturities, government bonds (U.S.), municipals, investment grade corporate bonds, developed and emerging markets, asset back securities and structured notes.
- Liquid Alternatives within Mutual Funds, including managed futures, commodities, REITs, global macro, arbitrage, event driven and hedged equity.



- Illiquid securities in more limited areas (private equity, private financing, among others).

We will utilize, to the extent available, no transaction fee Mutual Funds or Exchange Traded Funds (“ETFs”) in your accounts that we manage. These mutual funds and ETFs are available for use by CRA in the management of client portfolios through the broker/custodians that we recommend and where your assets are held (please see Item 12). CRA does not have fee sharing agreements and does not receive additional revenue from your selected broker/custodian.

Transaction fees may be charged to a client by your custodian and is included in your transaction confirmation and/or the price of the security.

## **SOCIALLY CONSCIOUS INVESTING**

When suitable and requested by a Client, we will manage accounts for clients according to a socially conscious investment strategy. Socially Conscious Investing includes those companies that generally align themselves with an investment approach that benefits the environment, humans, and is morally conscious (does not invest in sin, war or similar industries or securities). However, if you decide to request Socially Conscious Investing, this may pose certain growth and return risks for your investment portfolio than if your account assets were more broadly allocated. Those risks can be further discussed between you and your IAR.

## **PRIVATE FUNDS/BW II**

Private fund investing is substantially different from the other services provided by CRA as described in this Brochure. Securities in private funds are generally Illiquid Securities, meaning, no public market exists in which you can easily redeem (sell) these private securities.

For the clients that are limited partners in BW II, please review the BW II offering disclosure documents that you received and executed prior to investing in BW III or contact CRA. While the General Partner is not required to meet any BW II limited partner redemption request prior to the Maturity Date, it may, at its sole discretion, attempt to allocate available net cash flow from operations and/or financing to those BW II limited partners that notify the General Partner of a redemption request prior to the Maturity Date. The General Partner has, in limited situations, allowed redemptions as cash flow allowed. To request a Notice of Redemption agreement, please contact CRA. Additionally, if the General Partner is not able to refinance or receive extensions for the Promissory Notes for the money borrowed from BW II, the General Partner may be forced to liquidate all or a portion of its Books of Business, the collateral underlying the Promissory Notes, in order to attempt to meet redemptions. If the General Partner is forced to liquidate Books of Business to meet redemptions on the Maturity Date, there is no guarantee that the proceeds from the sale of the Books of Business would be adequate to meet its loan commitments with BW II.

## **RISK OF LOSS**

### **GENERAL RISK**

Investing in securities involves risk of loss that you, as the investor, should be prepared to bear. CRA does not represent or guarantee that it can predict future results, successfully identify market tops or bottoms, or insulate client portfolios and investments from losses. The prices of, and the income generated by, equities and other securities held in your portfolio may decline in response to certain events taking place around the world, including those directly involving the issuers whose securities you own.

Conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate and commodity price fluctuations are all risk factors that can affect the valuation of your investments. CRA cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. The value of your investments will be subject to a variety of factors, such as the liquidity and volatility of the securities markets. Portfolio transactions may give rise to tax liability, for which you are responsible, including the initial transactions for new PMA clients.

## **ASSET ALLOCATION RISK**

Asset allocation risk is the risk that your portfolio may be allocated to an asset class that underperforms other asset classes. For example, fixed-income securities may underperform equities. Accordingly, asset allocation risk will be influenced by the allocation of your portfolio among equities, fixed income, alternative and money market securities.

## **INVESTMENT AND MARKET RISK**

Securities purchased in your account(s) are subject to investment risk, including the possible loss of the entire principal amount invested. A recommendation or decision by CRA to invest your account in securities and other instruments may also involve market risk, which is the risk that the value of these positions, like other investments, may move up or down, sometimes rapidly and unpredictably due to adverse market conditions and not necessarily based on the individual merits of the investment. Investment holdings in your account, at any point in time, may be worth less than the original investment, even after taking into account the reinvestment of dividends and / or capital gains.

## **INTEREST RATE RISK**

Fluctuations in interest rates may cause the value of investments to fluctuate. For *example*, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will be greater for long-term securities than for short-term securities.

## **COUNTERPARTY RISK**

Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions as such counterparties could fail to deliver or otherwise default on their obligations. There may also be a risk of loss of assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearinghouse.

## **LIQUIDITY RISK**

Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. When investing in illiquid securities, it may not be possible to sell or redeem your ownership in such securities at the most opportune times or at prices approximating the value at which they were purchased.

## **EXCHANGE TRADED FUNDS ("ETFs")**

While investing in ETFs has similar risks as investing in individual equities, ETFs typically invest in a diverse group of securities. The level of diversification varies by ETF. While ETFs reduce the effects of concentration risk as compared to investing in a single security, certain ETFs are susceptible to industry, commodity or country risk. Investing in a diverse selection of ETFs may help to reduce this risk. Another important factor to consider with ETFs is that the portfolio of securities in which they invest are typically not actively managed. Leveraged and Inverse ETFs bear unique risks that investors who wish to trade in these or that are used by CRA understand. It's important to read the appropriate prospectus or disclosure document specific to the leveraged or inverse ETF before investing.

## **BW II PROMISSORY NOTES**

As the BW II offering documents disclosed, an investment in BW II is highly speculative and an investor could lose all or a portion of their investment. Prior to the Maturity Date, the General Partner believes that its normal business operations and financial position will allow it to obtain financing from a commercial lender in order to pay off the Promissory Notes. If it is not possible for the General Partner to obtain financing and pay off the Promissory Notes prior to the Maturity Date, the General Partner may have to request extensions on the maturity of the Promissory Notes

from BW II investors. If the General Partner is not able to refinance or receive extensions for the Promissory Notes, the General Partner may be forced to liquidate all or a portion of its Books of Business, the collateral underlying the Promissory Notes, in order to attempt to meet the Promissory Notes contractual loan commitments. Furthermore, if the General Partner is forced to liquidate its Books of Business in order to pay off the Promissory Notes, there is no guarantee that the proceeds from the sale of the Books of Business would be adequate to meet its loan commitments with BW II and the investors in BW II may lose all or a portion of their investment.

## **FIXED INCOME INVESTMENTS**

One of the most important risks associated with fixed-income securities is interest rate risk, the risk encountered in the relationship between bond prices and interest rates. The price of a bond will change in the opposite direction of movements in prevailing interest rates. For example, as interest rates rise, bond prices will generally fall. If an investor has to sell a bond prior to the maturity date, an increase in interest rates could mean that the bondholder will experience a capital loss (i.e., selling the bond below its original purchase price).

## **ADDITIONAL FIXED INCOME RISKS**

### **REINVESTMENT RISK**

This reinvestment risk is that the interest rate at which the interim cash flows can be reinvested will decline and thus reinvestments will receive a lower interest rate. Reinvestment risk is greater for longer holding periods. Default risk is commonly referred to as “credit risk” and is based on the probability that the issuer of the debt obligation may default. Default risk is rated by quality ratings assigned by third party commercial rating companies.

### **CALL RISK**

This risk is related to call provisions on debt obligations. You should be aware of four (4) risks associated with call provisions.

- (a) The cash flow patterns of callable bonds are not known with certainty.
- (b) Since the issuer will typically exercise their right to call the bonds when interest rates have dropped, you may be exposed to reinvestment risk. You would have to reinvest the proceeds after the bond is called at relatively lower interest rates.
- (c) The potential for capital appreciation of a callable bond is reduced relative to that of a non-callable bond, because its price may not raise much above the price at which the issuer can call the issue.
- (d) If the issue is purchased at a premium, you may lose the difference between the purchase prices and call price.

### **INFLATION RISK**

This arises because the value of the cash flows being received from a debt obligation may actually lose purchasing power over the course of time due to the effects of inflation.

### **LIQUIDITY RISK**

This depends on the ease with which an asset can be sold at or near its current value. The best indicator to measure an issue’s liquidity is the size of the spread between the bid price and the ask price quoted by a dealer. A wider spread on the asset indicates a greater liquidity risk. If you plan on holding a bond until its maturity date, liquidity risk is less of a concern.

## **EXCHANGE RATE RISK**

This is encountered in non-dollar denominated bonds or bonds whose payments occur in a foreign currency, has unknown U.S. currency cash flows or conversions to the actual currency. The dollar cash flows are dependent on the exchange rate at the time the payments are received. For example, consider a bond whose coupon payment is paid out in Japanese yen. If the yen depreciates relative to the U.S. dollar, fewer net dollars will be received. Conversely, if the yen should appreciate relative to the U.S. dollar, the investor will benefit by receiving more net dollars.

## **ALTERNATIVE OR ILLIQUID INVESTMENT RISKS**

Some portfolio managers and some strategies utilize Illiquid Investments. These are securities and other financial instruments that are not actively or widely traded and may have a limited or non-existent secondary market (i.e., non-traded REITs, Hedge Funds, Managed Futures Funds, Business Development Companies and other private equity offerings). As a result of the limited or non-existent secondary market, it may be relatively difficult, if not sometimes impossible, for CRA, for CRA as the General Partner to BW II or a third-party portfolio manager to dispose of such investments rapidly and/or at a reasonable value when you make a liquidation or withdrawal request. This is particularly true during times of adverse market conditions. Adverse market conditions have, in the past, lead to a “liquidity crisis” (i.e., the inability to sell many securities at expected values). Neither CRA, nor any portfolio manager make any assurance or guarantee that future market conditions will not result in similar liquidity issues. Investors in Illiquid Securities should carefully consider the unique risks these types of securities present before making any investment decisions.

## **CASH BALANCE RISK**

CRA’s use of Mutual Funds, including money market mutual funds, is how we invest cash balances in your accounts. Typically, cash balances are swept by your custodian into a money market fund you select in the account opening paperwork. We may, however, as portfolio manager over your assets, place transactions for your account assets in the following securities:

- (a) Federal Deposit Insurance Corporation (“FDIC”);
- (b) Insured certificates of deposit (“CDs”);
- (c) High-grade commercial paper; and
- (d) US Government - backed debt instruments.

## **MARGIN RISK**

For clients who desire debit cards and/or check writing on their managed accounts, CRA’s policies require a margin account to ensure an account is not over drawn. However, this feature uses account assets as collateral for a loan from your broker/custodian (see Item 12) without involvement from CRA. Loans from your broker custodian include interest rate charges you incur, which are debited you’re your custodial account. In certain instances, you are paying fees to CRA (the asset based fee) for the management of your account assets that includes securities, private funds, cash and margin (debit) balances.

Ultimately, we try to achieve the highest return on your cash balances through relatively low-risk conservative investments most which are easily converted to cash. If you have any questions, please contact your IAR. We do not guarantee that your investment goals or objectives will be reached or any level of performance or success.

## **ITEM 9: DISCIPLINARY INFORMATION**

On July 28, 2017, CRA, Ben Addink, Managing Partner of CRA and Don Foy, former Managing Partner and now an IAR with CRA (together “Respondents”) settled an Administrative Proceeding with the Securities & Exchange





Commission, File No. 3-18084 (the “Final Order”). Without admitting or denying the allegations contained in the Final Order, respondents agreed to remedial sanctions and a cease-and-desist order. For questions or a copy of the Final Order, please contact [compliance@investcra.com](mailto:compliance@investcra.com).

Mr. Foy settled a claim with Raymond James & Co. in 2008. That action was closed with no further action against Mr. Foy. Please see the Part 2 B, Brochure Supplement for Mr. Don Foy attached to this Brochure for further information on the settlement.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Other financial industry activities and affiliations are conflicts of interest between the financial interests of CRA and our employees when compared to your interests. However, as fiduciaries to our clients, including BW II and its limited partners, we are obligated to disclose all potential and actual conflicts of interest. This section provides a summary of potential and actual conflicts of interest between clients, CRA and CRA IARs and employees.

### **CONFLICTS OF INTEREST**

We try to avoid all potential conflicts of interest with clients and at a minimum, disclose those conflicts to you through disclosure, which includes, of course, this Form ADV Part 2 AB. We address these conflicts and help to mitigate them through disclosure and through our business management practices, policies procedures, controls, IAR supervision and the monitoring of our overall business activity. CRA also uses non-affiliated third-party service providers, such as custodians, accounting firms, financial auditors and the Administrator for BW II that offer third party reports and assistance / reviews of our business activities. It is our responsibility to ensure, as fiduciaries, that we operate our business in a manner that does not place our financial interests ahead of our advisory clients.

### **BW II**

As previously mentioned in this filing, BW II is a private equity fund that is affiliated with CRA. BW II issued loans, subject to priority lien positions, to the General Partner, which were used the loan proceeds, in combination with seller financing, to finance or refinance the acquisitions of investment advisory Book(s) of Business. The General Partner had a conflict of interest because it was the borrower and the General Partner of the lender, BW II (*i.e.*, it was on both sides of the loan transactions). There were no assurances that the General Partner identified and pursued transactions that were in the best interests of the BW II rather than in the General Partner’s self-interest.

### **INSURANCE SERVICES**

If a CRA IAR or employee is separately registered as an insurance agent with the Washington State Insurance Commissioner to sell an insurance product sponsored by insurance company, that company that underwrites that insurance product pays a commission to the IAR or employee as an insurance agent. This is separate commission compensation for insurance services that is in addition to their activity as an IAR or employee. The receipts of an insurance commissions for insurance products that are recommended to CRA clients, creates a conflict of interest due to a recommendation of a commissionable product. No client is obligated to use a CRA IAR or employee for insurance services and can select their own insurance agent, company or broker.

### **SUMMIT TAX SERVICES**

Mr. Addink is an owner of Summit Tax Services, LLC (“Summit Tax”). Clients of CRA are not required to or are solicited to use Summit Tax for their tax preparation and a client may select any tax professional they desire for their tax services. If a client does choose to utilize Summit Tax for their financial tax filing needs, Mr. Addink, as a principal of Summit Tax will benefit financially from fees paid to Summit Tax.





### **BBD HOLDINGS, LLC**

Mr. Addink and Mr. Scalabrino are individual owners of BBD Holdings, LLC (“BBDH”). BBDH is an entity that owns personal investments in real estate on behalf of the principals, with no current material involvement with CRA. Such activity ceased in 2014.

### **HORNETS LAND, LLC**

Mr. Addink and Mr. Scalabrino are also members Hornets Land, LLC. This entity contributed money to CRA to assist in the closing of the acquisition of EAM in December 2015. This contribution was partially paid back to Hornets Land from BW II assets for the acquisition of an investment advisory “book of business”. Separately, Mr. Scalabrino provided CRA a contribution to assist in the closing for EAM, some of that contribution was paid back to Mr. Scalabrino in April of 2016.

### **WILLIAM C. HSU AND OSERAN HAHN P.S.**

Mr. Hsu is a three percent (3%) equity owner of CRA and is also an attorney with Oseran Hahn P.S., which is the general counsel to CRA. Mr. Hsu is a passive investor in CRA and has no active role in the day to day operations of CRA. As general counsel to CRA there are potential conflicts of interest between legal advice and ownership interests with CRA.

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

### **CODE OF ETHICS**

Pursuant to SEC Rule 204A-1, CRA has a Code of Ethics (the “Code”) that promotes the fiduciary duty of CRA, employees and its Advisor Representatives. The Code articulates the importance of trust as a foundation to the relationship between a fiduciary investment adviser and its clients and establishes policies and procedures (the “PPs”) to ensure that CRA place the interests of the clients first. The Code requires that CRA adhere to all applicable securities laws and regulations. The Code also requires CRA follow industry “best practices” involving:

- Safeguarding material non-public information concerning clients,
- Suitability of investments,
- Personal trading on the part of CRA and its employees;
- The miss-use of material, non-public information on any issuer of a security,
- Outside business activities,
- Pre-approval for any private placement desired to be purchased,
- The receipt of or providing gifts and gratuities, and
- Disclosure of and mitigation of conflicts of interest.

CRA permits its employees and their family members to purchase, sell or hold the same securities that are recommended to CRA clients. The uses of the same securities are conflicts of interest between CRA’s own interests and that of its clients. Additionally, CRA has previously recommended investments to clients in BW II. As the General Partner to BW II, CRA has a conflict of interest as described under Items 4 and 5 of this Brochure in making such recommendations.



CRA has implemented, as required under the Advisors Act, policies, procedures and controls to monitor this trading activity and the potential conflicts of interest. We combine these requirements into CRA's Code of Ethics "Code," as part of our PPs. Under the Code, our goal is to ensure that our employees:

- (a) Operate with our Client's interest in mind by placing your interests before our own interest or the interest of any employee (or employee beneficial ownership account);
- (b) Employee/family accounts are defined in our Code as "beneficial ownership accounts;" and
- (c) Act in an honest, fair, and equitable manner.

#### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Under our Code, all reportable transactions and brokerage accounts are required to be disclosed and reported by employees when hired by CRA, with quarterly and annual updates thereafter. The Code also includes limitations on the following:

#### **GIFT RESTRICTIONS**

The size, frequency, and number of gifts (given or received) to or from third parties that are not clients (service providers, vendors, or similar persons) are limited. Gifts given or received are reported on a quarterly basis for compliance review.

#### **INSIDER TRADING PROHIBITIONS**

CRA and its employees are prohibited from communicating, taking any action for themselves or any Client, when CRA is in possession of material, non-public information about the issuer of a security. Restrictions are implemented by CRA compliance and are generally a "black list" of the security, which means no transactions, advice or discussion of the security, may be made or communicated until such time CRA can confirm the information is available to the general public.

#### **PRIVATE PLACEMENT APPROVAL**

Pre-approval, prior to purchase, is required for all private placements (private equity funds, hedge funds, etc.). Requests are placed with the CCO and a Managing Partner are either approved or denied. If not approved, the security cannot be purchased.

#### **OUTSIDE BUSINESS ACTIVITIES ("OBA")**

Prior to the acceptance of a paid position or volunteer position in addition to employment with CRA, any employee, is required to obtain OBA approval by submission of an OBA Form to the CCO. For new hires, at the time of employment are required to disclose all OBAs to CRA so these OBA's can be evaluated, disclosed and to understand the impact and / or disclosure requirements for CRA and this ADV Part 2 AB.

#### **CODE DOES NOT REQUIRE**

Pre-clearance (except for private placements) and holding periods for personal transactions and notification or monitoring of political contributions of CRA employees.

#### **NEW ISSUES**

CRA employees, including all IARs are prohibited from participation in an initial allocation from an underwriter of new security offerings.

## ITEM 12: BROKERAGE PRACTICES

### SELECTION OF A BROKER/CUSTODIAN

As a fiduciary, SEC registered investment advisors, such as CRA, have all client securities held with a third party and qualified custodian. Your selected and qualified third-party broker / custodian is your broker and executes the trading of your security transactions.

For BW II, cash received from loans (principal and interest payments) is held at a third party qualified custodian, Washington Trust Bank. Loans from BW II to CRA are in the form of Promissory Notes and Security Agreements, which are also stored electronically.

CRA requires you to select a broker/custodian for all of account assets under our management (“Directed Broker”). Due to the Client’s Directed Brokerage choice, CRA is unable to seek out other brokers/dealers for account transactions, or to negotiate commissions and transaction costs. The result is that you may pay higher prices or higher commission through Directed Brokerage when compared to investment advisers who have the discretionary authority to select the broker/custodian. As a result, best execution may not be achieved. In addition, not all investment advisers require Directed Brokerage arrangements.

### RECOMMENDED BROKER/CUSTODIANS

CRA recommends the following third party, independent and qualified custodians which are all broker dealers registered with the Financial Industry Regulatory Authority (“FINRA”) and a member of the Securities Investors Protection Corporation (“SIPC”); (a) TD Ameritrade, Inc; (b) Fidelity Investments; and (c) Charles Schwab & Company, Inc.

CRA recommends these brokers/custodians due to our knowledge and experience working with them, their name recognition and their industry status as third party and qualified broker/custodians serving registered investment advisers. CRA is not affiliated, directly or indirectly with TDA, Fidelity or Schwab.

**EVALUATION OF CUSTODIAL SERVICES.** In our evaluation of the recommended broker/custodians, we have determined that they provide an excellent blend of services, commission costs, and other benefits that are beneficial to you and to us. Our review and assessment of the recommended broker/custodians included, but were not limited to:

- (a) Commission charges, execution, clearance and settlement of transactions;
- (b) Ability to block trade;
- (c) Reputation and financial strength;
- (d) Free custody services to our clients;
- (e) No-transaction fee funds (mutual funds and ETFs);
- (f) Access to institutional shares of mutual funds at no load or load waived shares;
- (g) Duplicate confirmations and reports;
- (h) Dedicated trading desks/electronic trading;
- (i) Operational support (typically back office related services); and
- (j) Guidance and seminars on technology, compliance, business management and operations.

### BEST EXECUTION

Due to the type of securities we primarily trade in Client accounts, we believe that even with our requirement of directed brokerage to your selected broker/custodian, your account transactions will achieve best execution. Each of



the recommended broker/custodians has that obligation for all accounts they hold as a service provider to CRA and other investment advisers. Best execution is not a defined term, but is comprised of a number of factors, which equate the best overall execution of a particular transaction; including, price, commission, and timing based on the facts and circumstances related to the transaction.

#### **OTHER CUSTODIAL BENEFITS/ADVISOR PLATFORM (The “Advisor Platform.”)**

Each of the recommended broker/custodians provides investment advisers and their clients services and other benefits as part of the broker/custodian’s Advisor Platform. Of particular importance to CRA and our clients through the Advisor Platform, is the availability of many ETFs and Mutual Funds on a “no transaction fee” basis at these recommended brokers/custodians. This means that the selected broker/custodian does not charge you a commission or transaction fee for the purchase or sale of hundreds of ETFs or Mutual Funds, which otherwise would not be available to you for “no transaction fee” basis. These benefits are not the same for all three (3) brokers/custodians and are subject to change. Our goal is to utilize these no transaction fee mutual funds and ETFs, as we are able to and as appropriate for our investment models and / or your accounts under our management. CRA also receives benefits from the recommended broker/custodians through our participation in the Advisor Platform. See Item 14 disclosures.

#### **TRADING ACTIVITY**

When we place a transaction for your account at TDA, Fidelity, or Schwab, or other custodian you select, there is a commission charged, unless the mutual fund or ETF is one of the “no transaction” funds available to us on the Advisor Platform. Commissions apply to stocks, bonds or other securities. In evaluating any of the recommended brokers/custodians, you will find that each of the recommended brokers/custodian charges a similar commission or transaction fee for each security purchase or sale.

#### **AGGREGATION OF TRADES**

CRA may aggregate Client and employee transactions together. If we are purchasing or selling an equity security, closed-end fund or ETF traded on an exchange or on the NASDAQ national market system, all participating accounts, clients and employees of CRA, will receive an average price if multiple executions occur. If partial fills are completed, but not enough to cover all accounts included in the block, Client accounts are first filled, all employees thereafter.

#### **BLOCK TRADING**

When we are purchasing or selling the same security for multiple clients at the same time, we may, but are not obligated to, aggregate (“Block”) the same transactions of multiple clients at the same time. However, we cannot and do not Block together trades for multiple clients across all three of the recommended broker/custodians. Block trades are “mini blocks” meaning that we may block multiple client transactions together held at Schwab, Fidelity and TDA, but not across all three broker/custodians at the same time. In addition, our IARs are also our portfolio managers. As CRA does not have a dedicated trading desk, we also place “mini blocks” segregated by Advisor Representative as each act as their own trader. Depending on a number of variables (new clients, cash additions or withdrawals from accounts, etc.) we may not use block trading frequently. Block trading allows us the ability to increase the size of orders, which allows us and each of the recommended broker/custodians the opportunity to negotiate the price of the security, in an attempt to execute the transaction at a price more advantageous than placing all of the transactions separately.

#### **CONFIRMATIONS AND STATEMENTS**

For each executed transaction, you receive directly from your selected broker/custodian a confirmation of each transaction placed by CRA, as your registered investment adviser and manager. These confirmations are provided directly to you via US Postal Service or electronically via email. We are also provided, or we can access an electronic copy of all confirmations for informational purposes.



You also receive a monthly custodial report directly from your selected, third party qualified broker/custodian on all of your accounts we manage. This report will reflect all current positions, all transactions, including debits and credits, made to your account during the time period, including the initial and quarterly advisory fees paid to CRA through your authorization of the direct debiting of advisory fees from your account(s) we manage.

#### **PROHIBITED BROKERAGE ACTIVITY**

Due to the nature of our business and portfolio management services, the following are prohibited brokerage activities:

- (a) Receipt of commission compensation (direct or indirect) from security transactions, we place on your behalf at your broker/custodian;
- (b) Client directed brokerage to any broker or dealer, except those identified in this Brochure;
- (c) Soft dollar credits or transactions with TDA, Fidelity or Schwab;
- (d) Brokerage activity to the custodians for Client referrals and
- (e) Cross, agency cross or principal transactions.

#### **CLIENTS SUBJECT TO ERISA**

In selecting and directing us to place all transactions for your account at TDA, Fidelity or Schwab, you represent that you have confirmed, you have independently evaluated TDA, Fidelity or Schwab and, as the plan fiduciaries, determined that the selection of and directed brokerage to TDA, Fidelity or Schwab is in the best interests of the retirement plan and its participants. You represent that you have evaluated the brokerage and execution services (including the commissions or transaction charges) to ensure they are reasonable considering the services provided to the retirement plan and its participants.

#### **NON-DISCRETIONARY CLIENTS**

For our non-discretionary portfolio management clients (certain 401k or pension, profit sharing plans and clients brought to CRA who previously had non-discretionary accounts), we have a limited power of attorney on your account which allows us to place the transactions at your designated securities broker, dealer or custodian (custodians can also include a mutual fund complex or, in some cases, the custodian of a company's 401k Plan assets). However, we will only place transactions for your accounts when we receive your (verbal or written) permission to do so.

Mutual funds are purchased or sold on the net asset value (the "NAV") as determined by the mutual fund or the mutual fund's administrator daily at market close.

#### **TRADE ERRORS**

CRA has fiduciary responsibilities related to the correction of trade errors. If CRA creates the error, our policy is to make the Client whole; meaning that you will not suffer an economic loss due to our error. We have policies and procedures related to the identification, documentation, and correction of errors. If a third party caused or created the error the third party is responsible for the correction of the error and making your account(s) whole. We endeavor to catch all errors before settlement; typically, errors are corrected by a simple cancel of the error trade and re-entry of the trade as it should have been placed. Examples of trade errors include (but are not limited to) the following:

- (a) Are not legally authorized for an account;
- (b) Are prohibited by investment policy or style;
- (c) Are prohibited by the Advisory Services Agreement;
- (d) Include an incorrect security or transaction (buy v. sell or vice versa); and
- (e) Block trades that are incorrectly allocated.



If a trade error results in a gain in the impacted Client account, the gain remains in the Client account, unless the Client elects not to retain the profit due to moral or ethical reasons (if a violated investment restriction), this is CRA's trade error and CRA will make you whole). CRA does not, itself, maintain a trade error account.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **PORTFOLIO MANAGEMENT REVIEWS**

Review of Client accounts includes a comparison of your stated investment goals/objectives and/or risk tolerance with the current portfolios and any rebalancing or adjustments that may be necessary, among other review activity. We request to meet with clients periodically; some clients request quarterly meeting others request annual or semi-annual meetings to review the account and performance. Regardless, our Advisor Representatives will meet with you as frequently as you request.

The CRA Investment Committee monitors our portfolio models and the securities in the models. Specific Client reviews are conducted by the IAR of your account assets. Additional reviews may be provided when you request them, or whenever you notify us of changes in your personal circumstances. It is important for you to notify your CRA IAR of changes in your personal circumstances as these may affect the investment advice we provide to you. Changes in your personal or financial situation include, but are not limited to the following: (a) marriage; (b) divorce; (c) birth of a child; (d) death in the family; (e) new job or loss of job; or (f) disability or sickness, among others.

### **FINANCIAL PLANNING**

Reviews are not applicable unless you contract with us to review a Comprehensive or Limited Financial Plan that CRA has prepared for you.

### **401K CONSULTING OR DISCRETIONARY SERVICES**

CRA conducts reviews of the securities authorized for use by the trustees of the plan on a periodic basis, typically quarterly whether a 3(21) consulting or a 3(38) discretionary service.

### **BW II**

We review the capital account statements as prepared by the BW II Fund Administrator, prior to distribution by the Administrator to each BW II limited partner. The Audited Financial Statements for BW II are prepared by an independent, third party qualified public accounting firm that is registered with and subject to regular inspection by the Public Company Accounting Firm Oversight Board ("PCAOB") within 120 days of 12/31, BW II's fiscal year end.

### **CUSTODIAL/BROKERAGE REPORTS**

Typically, a CRA Client will receive monthly (but not less than quarterly) custodial reports directly from your broker/custodian (TDA, Fidelity, or Schwab). These reports are available electronically for CRA's review. We do not assume responsibility for the accuracy of information provided by Custodian, although we monitor custodian reports and holdings within client's account(s). Clients are requested to contact CRA or your custodian/broker as soon as possible if you do not receive custodial statements directly from your broker/custodian.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **CLIENT REFERRALS**

We do not compensate, for client referrals, any person or entity for the introduction, either directly or indirectly.





## **ADDITIONAL COMPENSATION**

As disclosed under Item 12; TDA, Fidelity, and Schwab, third party, qualified broker custodians, provide CRA as a participant in their advisory program, certain economic benefits that we do not have to pay for. There is no expected volume of trading activity or other requirements for CRA to receive these benefits. None of these products, services or other benefits are considered soft dollars under the safe harbor of Section 28e of the Exchange Act. We do not contract for or negotiate the provision of these services; they are provided to all investment advisers who participate in these programs.

## **PRODUCT WHOLESALERS**

CRA uses Mutual Funds and ETFs created and managed by third-party broker dealers/investment advisers. These firms have sales and service representatives ("Wholesalers") located regionally across the country. These firms assist CRA and other investment advisers in the growth of business. This is through Mutual Fund/ETF information, portfolio construction ideas/optimization, among others. In addition, these Wholesalers and their firms provide economic assistance to CRA through the underwriting of Client events. These events include the following examples: A holiday boat cruise, baseball game, meetings, etc. While this compensation is a potential conflict of interest, CRA is not required to hold or commit certain asset sizes to the Wholesaler's Mutual Funds or ETFs. We maintain our objectivity in selecting securities to use with clients. The Wholesalers who provide to CRA economic support are required by their companies to attend events where they provide such economic assistance.

## **CRA EMPLOYEE AND ADVISOR REPRESENTATIVE BUSINESS ACTIVITIES**

CRA IARs and employees may, from time to time, be licensed as insurance brokers with the Washington Insurance Commission and able to recommend and sell insurance products to CRA clients. This creates a conflict of interest, as commission based sales may incentivize the CRA IAR or employee to recommend a commissionable product based on the compensation received. To help mitigate this conflict, when any such recommendations are made by CRA IAR or employee to a CRA client for the purchase, sale or exchange of an insurance product, CRA requires the IAR or employee does the following:

1. Disclose the commission that is payable to the insurance agent,
2. Explain to you the related conflict of interest the insurance commission earned causes, and
3. Obtain your specific consent to the transaction, in writing, prior to the completion of the transaction. This allows you to fully understand the amount of the commission earned by the IAR in their separate capacity as an insurance agent.

## **ITEM 15: CUSTODY**

### **DIRECT DEBITING OF ADVISORY FEES**

If you engage CRA for portfolio management services, your authorization to have our advisory fees directly debited from your account is constructive custody of a Client's funds. As a result (and as described under Item 5), we deliver an initial worksheet to you of the assets under management, the fee (annual fee and one quarter of the fee pro-rated), the fee calculation and the actual debit amount we request from your custodian, initially when you become a new client.

We also remind you to review the statement and ensure you receive, directly from your custodian (TDA, Fidelity, or Schwab) a monthly or quarterly statement on your account showing all debits and credits including our fee. We encourage you to raise any questions with us about the custody, safety, or security of your account assets.





## **STANDING LETTERS OF AUTHORIZATION (“SLOA”)**

CRA offers clients the ability to add a money movement feature to their investment account. By completing and signing a Standing Letter of Authorization (“SLOA”), the client authorizes CRA to perform money movement transfers such as an ACH, journal, and/or wire out of the client’s account on the clients’ behalf. In many instances, the SEC has deemed this to be custody because it provides an investment advisor access to the client’s funds and securities. In an SEC no action letter on February 21, 2017, the SEC provided guidance around SLOAs and custody, which CRA has implemented to be compliant.

## **BW II**

Due to the broad authority provided CRA as the General Partner and Investment Adviser to BW II, CRA is deemed to have custody of the partnership’s cash and securities. To ensure compliance with the Custody Rule under the Advisors Act, the General Partner engages a third party qualified accounting firm PBTk. PBTk is licensed with and subject to regular examination and inspection of the PCAOB, and will complete a financial audit within one hundred twenty (120) days of the BW II fiscal year. If CRA is informed by the Fund Administrator and / or PBTk that, in any given year, the audited financials prepared by PBTk are going to be completed later than one hundred twenty (120) days after the BW II fiscal year, then CRA will inform all BW II limited partners in writing of the delay and provide them with an approximate date of completion.

## **ITEM 16: INVESTMENT DISCRETION**

As indicated under Item 4 of this Brochure, we have investment discretionary authority over portfolio management accounts, as provided to us through the written PMA advisory agreement we have with you. In the PMA, you may place limitations on our discretionary authority. We may determine, at our sole discretion, whether we should accept or continue a relationship with you if the investment restrictions you request are determined to be too restrictive and make it difficult for us to fulfill our contractual obligations to you. We are obligated to manage your account assets with an appropriate asset allocation and diversification. You may amend or change your investment restrictions at any time, by providing written updates to us. However, changes are not implemented until reviewed and approved.

## **BW II**

Under the terms of the BW II Limited Partnership Agreement we have the discretionary investment authority to direct the investments of BW II. BW II is managed as a single account by the General Partner, with each limited partner owning a proportional share of BW II directly related to their invested capital contribution (the “Capital Account”).

## **UN-MANAGED ASSETS**

Un-Managed Assets applies to discretionary portfolio management Client accounts (the “Un-Managed Assets”). At a Client’s request, we may include certain Un-Managed Assets solely for reporting purposes. These Un-Managed Assets are securities that may, or may not be held at TDA, Fidelity, or Schwab. They may be held in certificate form or at the issuer of the security or at another custodian. These securities are often, but not exclusively, “manual input securities” and are not managed by CRA. This means that these Un-Managed Assets are not included for fee calculation purposes, for performance of the account and are not guaranteed by CRA to reflect the actual or current liquidation values. The valuations of these assets may be “stale” or outdated in reliance on the issuer’s valuation methodologies and neither CRA nor our Orion provides independent and current valuations on Un-Managed Assets.

## **ITEM 17: VOTING CLIENT SECURITIES**

Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to



you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations and also direct CRA to vote proxy statements if desired.

#### **CLIENTS SUBJECT TO ERISA**

CRA does not vote proxies unless the plan and trust documents delegate such authority. As CRA does not vote proxies, and does not have proxy voting guidelines, an ERISA plan that delegate's proxy voting to CRA is required to deliver the plan and trust documents (or relevant sections of same) delegating the authority to CRA, but also the plan's proxy voting guidelines. CRA maintains a record of the ballots received, how and when voted for any ERISA account for whom we are assigned proxy voting authority.

### **ITEM 18: FINANCIAL INFORMATION**

For financial planning, CRA does not require nor do we solicit prepayment of more than (\$1,200.00 in fees per Client, six (6) months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year.

As of the date of this Annual Amendment, CRA's cash flow is adequate to meet its ongoing operational and financial commitments; however, should any further regulatory actions or other unforeseen financial liabilities occur, there can be no assurance that there will not be an impairment of cash flow in the future. If this occurs, CRA will update its ADV to reflect such material changes, as required under the Advisors Act.



## **PART 2 B OF FORM ADV: BROCHURE SUPPLEMENT- FOY**

**Donald “Don” A. Foy**

**Columbia River Advisors  
827 SW 152<sup>nd</sup> Street  
Burien, WA. 98166**

**206-409-0435**

**[www.investcra.com](http://www.investcra.com)**

**This brochure supplement provides information about Don Foy that supplements our Part 2 A, Firm Brochure. If you have any questions about the contents of this Supplement, please contact CRA at the information listed above.**

**Additional information about Don Foy is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



**Item 2: Educational Background and Business Experience Name: Donald A. Foy (CRD # 4821689)**

**Year of Birth:** 1971

**Formal Education after High School:**

University of Washington, no degree Economics Major, through 1993

**Business Background for Previous Five Years:**

Investment Adviser Representative (IAR) 09/2010 to Present

Direct Shareholder 01/2014 to Present  
Columbia River Advisors, LLC

Member 09/2010 to 12/2017  
Summit Tax Services

Member 10/2011 to 12/2017  
BBD Holdings, LLC

**Licensing/Exams:**

NASD/FINRA Series 7 and Series 66 examinations, 2004

**Item 3: Disciplinary Information**

For a settled claim against Don and Raymond James in 2008 that was settled and closed, with no action against Don, please see [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

On July 28, 2017, Don settled an Administrative Proceeding with the Securities & Exchange Commission, File No. 3-18084 (the "Final Order"). For questions or a copy of the Final Order, please contact [compliance@investcra.com](mailto:compliance@investcra.com).

**Item 4: Other Business Activities**

As a shareholder of Columbia River, Don is also an owner of the General Partner of the affiliated private fund. Please see the Part 2 A Brochure (attached) for additional detail.

**Item 5: Supervision**

Don Foy, as an IAR and shareholder is permitted to act independently by management and is not supervised directly by a CRA investment professional.

Don is supervised by the Compliance Committee. They can be contacted at 253.589.1401 or via email at [compliance@investcra.com](mailto:compliance@investcra.com).



**PART 2 B OF FORM ADV: BROCHURE SUPPLEMENT- ADDINK**

**Benjamin “Ben” J. Addink**

**Columbia River Advisors  
2115 N. 30<sup>th</sup> Street, Suite 102  
Tacoma, WA 98403**

**253-589-1401**

**[www.investcra.com](http://www.investcra.com)**

**This Brochure supplement provides information about Ben Addink that supplements our Part 2 A, Firm Brochure. If you have any questions about the contents of this Supplement, please contact CRA at the information listed above.**

**Additional information about Ben Addink is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2: Educational Background and Business Experience

**Name: Benjamin J. Addink (CRD# 387214)**

**Year of Birth:** 1978

**Formal Education after High School:**

University of Hawaii at Hilo, BA Business Administration, 2000

**Business Background for Previous Five Years:**

Managing Member, Investment Adviser Representative (IAR) 09/2010 to Present

Direct Shareholder 01/2014 to Present

Columbia River Advisors, LLC

Member 09/2014 to 01/2017

Salt Holdings, LLC

Owner

Summit Tax Services 09/2010 to Present

Member

BBD Holdings, LLC 10/2011 to Present

Member

Whitestone Land Management, LLC 10/2006 to Present

Member

Hornets Land, LLC 09/2010 to Present

Member

Desert Lilly LLC (personal real estate holdings) 06/2006 to Present

**Licensing/Exams:**

NASD / FINRA Series 65, 2010

## Item 3: Disciplinary Information

On July 28, 2017, Ben settled an Administrative Proceeding with the Securities & Exchange Commission, File No. 3-18084 (the "Final Order"). For questions or a copy of the Final Order, please contact [compliance@investera.com](mailto:compliance@investera.com).

## Item 4: Other Business Activities

Ben Addink is also a Member of Hornets Land, LLC, Whitestone Land Management, LLC and Desert Lilly LLC, all are real estate companies. Clients of Columbia River are not solicited to invest in or through these companies, and this position does not affect his activities on behalf of CRA.

Ben Addink is also:

- The owner of Summit Tax Services, which provides tax related services to the company's clients. No client of Columbia River is required to use Summit Tax Services.
- As a shareholder of Columbia River, an owner of the General Partner to the affiliated private fund as described in Part 2 A, attached.
- A member of BBD Holdings, LLC, a holding company for personal investments and was the owner of previous affiliates of CRA. There are no affiliates of CRA currently owned by BBD Holdings.

**Item 5: Additional Compensation**

Ben may receive additional compensation from clients who may engage Summit Tax Services for tax preparation or related services. If this is done, Ben as a shareholder will receive additional compensation from the profits of Summit Tax Services, if any.

In addition, Ben will receive indirect compensation through his ownership interests in BBD Holdings, LLC.

**Item 6: Supervision**

Ben Addink, as a principal, is supervised by the Compliance Committee. Ben is a managing member of CRA and is involved in the firm's oversight.

If you would like additional information on our supervisory structure, please contact the Compliance Committee at 253.589.1401 or via email at [compliance@investcra.com](mailto:compliance@investcra.com).





**PART 2 B OF FORM ADV: BROCHURE SUPPLEMENT- COTTLE**

**Mark L. Cottle**

**Columbia River Advisors  
11100 Main Street, Suite 301  
Bellevue, WA 98004**

**425-401-7220**

**[www.investcra.com](http://www.investcra.com)**

**This Brochure supplement provides information about Mark Cottle that supplements our Part 2 A, Firm Brochure. If you have any questions about the contents of this Supplement, please contact CRA at the information listed above.**

**Additional information about Mark Cottle is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2: Educational Background and Business Experience

**Name: Mark L. Cottle (CRD# 1322905)**

**Year of Birth:** 1954

### Formal Education after High School:

BA, Business with an emphasis in Accounting and Finance, University of Puget Sound, 1976

CPA (Certified Public Accountant), 1978, license #05458

CFP (Certified Financial Planner Professional) <sup>TM</sup>, Comprehensive Financial Plan Board of Standards, 1987

PFS (Personal Financial Specialist) American Institute of CPAs<sup>8</sup>

### Business Background for Previous Five Years:

Investment Adviser Representative Columbia River Advisors, LLC	09/2014 to Present
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Director of Investments, CPA Cottle & Swanson, CPA's	01/1981 to 09/2014
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Managing Member Cottle Capital, LLC	05/2013 to Present
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Managing Member Emerson Investments	02/2009 to Present
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### Licensing/Exams:

NASD FINRA Series 63

## Item 3: Disciplinary Information:

None for Mr. Cottle

## Item 4: Other Business Activities:

Mark is also a member of personal real estate entities, including Cottle Capital and Emerson Investments. CRA clients *are not solicited to invest in these entities.*

## Item 5: Additional Compensation:

As a CPA, Mark prepares taxes for his advisory clients. This service is in addition to and separate from services provided as a CRA IAR. Fees are charged separately and are paid to Mark where he receives additional compensation.

## Item 6: Supervision

Mark Cottle is supervised by the Compliance Committee.

If you would like additional information on our supervisory structure, please contact the Compliance Committee at 253.589.1401 or via email at [compliance@investcra.com](mailto:compliance@investcra.com).

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<sup>8</sup> The PFS designation allows CPAs to gain and demonstrate competence and confidence in providing estate tax, retirement, risk management (insurance) and/or investment planning advice to individuals, families and business owners through experience examination and the credential. To obtain the PFS the candidate must hold a valid and un-revoked CPA permit, licensed or certificate. Each holder of the credential has successfully completed the rigorous CPA exam, has met the strict education and experience requirements, and with membership in the AICPA has agreed to the AICPA Code of Professional Conduct. A candidate must earn a minimum of 75 hours of personal financial planning education within the five-year period preceding the date of the PFS application. Education must be in the nine areas that make up the PFP Body of Knowledge as mandated by the CPA / PFS Credential Application kit.



**PART 2 B OF FORM ADV: BROCHURE SUPPLEMENT- ZIMMERMAN**

**Adam Q. Zimmerman**

**Columbia River Advisors  
11100 Main Street, Suite 301  
Bellevue, WA 98004**

**425-401-7220**

**[www.investcra.com](http://www.investcra.com)**

**This Brochure supplement provides information about Adam Zimmerman that supplements our Part 2 A, Firm Brochure. If you have any questions about the contents of this Supplement, please contact CRA at the information listed above.**

**Additional information about Adam Zimmerman is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2: Educational Background and Business Experience

**Name:** Adam Q. Zimmerman (CRD# 4321709)

**Year of Birth:** 1962

**Formal Education after High School:**

University of Massachusetts – Amherst, BS, Astronomy, 1984

Embry Riddle Aeronautical University, MS, Aerospace Science, 2000

**Business Background for Previous Five Years:**

Investment Adviser Representative Columbia River Advisors, LLC	04/2016 to Present
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Investment Adviser Representative Blue Moon Wealth Advisory, LLC	10/2014 to 04/2016
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Investment Adviser Representative Summit Asset Strategies Wealth Management	06/2010 – 10/2014
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**Licensing/Exams:**

NASD/FINRA Series 6, 7, 63, 65 Chartered Financial Consultant <sup>9</sup>	2001 – 2003
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**Item 3: Disciplinary Information:**

None for Mr. Zimmerman

**Item 4: Other Business Activities:**

None.

**Item 5: Additional Compensation**

As part of the tax team, Adam helps in the preparation of taxes. This service is in addition to and separate from services provided as a CRA IAR. Fees are charged separately and may be paid to Adam where he receives additional compensation.

**Item 6: Supervision**

Adam Zimmerman is supervised by the Compliance Committee.

If you would like additional information on our supervisory structure, please contact the Compliance Committee at 253.589.1401 or via email at [compliance@investcra.com](mailto:compliance@investcra.com).

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<sup>9</sup> This designation is issued by the American College and is granted to individuals whom have at least three years of full time business experience within the five years preceding the awarding of the designation. The candidate is required to take seven mandatory courses which include the following disciplines: financial, insurance, retirement and estate planning, income taxation, investments and the application of financials planning; as well as two (2) elective courses involving the application of aforementioned disciplines. Each course has a financial product exam and once issued, the individual is required to submit thirty (30) hours of continuing education every two years.



**PART 2 B OF FORM ADV: BROCHURE SUPPLEMENT- KEEFE**

**Matthew “Matt” P. Keefe**

**Columbia River Advisors  
2115 N. 30<sup>th</sup> Street, Suite 102  
Tacoma, WA 98403**

**253-589-1401**

**[www.investcra.com](http://www.investcra.com)**

**This Brochure supplement provides information about Matt Keefe that supplements our Part 2 A, Firm Brochure. If you have any questions about the contents of this Supplement, please contact CRA at the information listed above.**

**Additional information about Matt Keefe is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2: Educational Background and Business Experience

**Name:** Matthew P. Keefe (CRD#3273518)

**Year of Birth:** 1977

**Formal Education after High School:**

BS, Business Admin., Finance Major, Carroll University, 2000 CIMA Certification<sup>®10</sup>, Wharton school of business

**Business Background for Previous Five Years:**

Member 07/2017 to Present

Investment Adviser Representative 06/2016 to Present

Columbia River Advisors, LLC

Regional Vice President, Investment Adviser Representative 08/2014 to 6/2016  
Morgan Stanley Investment Management Inc.

Sr. Regional Director, Investment Adviser Representative 06/2009 – 06/2014 and  
Russell Investments 07/2005 – 04/2008

**Licensing/Exams:**

NASD/FINRA Series 7 and 66, 2000

## Item 3: Disciplinary Information

None for Mr. Keefe.

## Item 4: Other Business Activities

None.

## Item 5: Additional Compensation

Matt also benefits from insurance commissions received by employees who are agents of various insurance companies (after the IAR who is an insurance agent deposits their commission check). After doing so, the IAR/ insurance agent may pay CRA a portion. Therefore, Matt as a shareholder participates in this addition revenue/ profits, if any.

## Item 6: Supervision

Matt is supervised by the Compliance Committee.

If you would like additional information on our supervisory structure, please contact the Compliance Committee at 253.589.1401 or via email at [compliance@investcra.com](mailto:compliance@investcra.com).

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<sup>10</sup> The CIMA certification program takes most candidates nine months to a year to complete. The process requires candidates to meet all eligibility requirements, including the “four E’s”: experience, education, examination, and ethics. Candidates must complete five steps to qualify:

- Submit CIMA application and pass a background check;
- Study for 100 hours and pass a two-hour qualification exam;
- Complete an in person or online executive education program at a top 20-tier business school registered with CIMA;
- Study for 150 hours and pass a four-hour comprehensive Certification Examination; and,

Document a minimum of three years of work experience in financial services, pass a second background check, pay initial certification fee, sign a license agreement, and agree to adhere to IMCA’s Ethics and other ongoing standards. The application requests contact information, work experience, and disclosure of any complaints and regulatory actions.

## **PRIVACY DISCLOSURE**



FACTS		WHAT DOES Columbia River Advisors, LLC DO WITH YOUR PERSONAL INFORMATION?	
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"><li>■ Social Security number and Personal Finance details</li><li>■ Account balances and transactions between you and third parties</li><li>■ Full birth dates and other financial and personal data on you and your family</li></ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>		
How?	All financial companies need to share Clients personal information to run their everyday business. In the section below, we list the reasons financial companies can share their Clients personal information; the reasons Columbia River Advisors chooses to share; and whether you can limit this sharing.		
Reasons we can share your personal information		Does Columbia River Advisors share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		Yes	No
For our marketing purposes—to offer our products and services to you		No	No
For joint marketing with other financial companies		No	No
For our affiliates' everyday business purposes—information about your transactions and experiences		Yes	Yes
For our affiliates' everyday business purposes—information about your creditworthiness		No	No
For nonaffiliates to market to you		No	No
Questions?		Call 253.589.1401 or go to <a href="http://www.columbiariveradvisors.com">www.columbiariveradvisors.com</a>	

## Who we are

Who is providing this notice?

Columbia River Advisors, LLC

## What we do

How does **Columbia River Advisors** protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

We also have password protected computer systems, data backups and archiving among other technology protocols in place.

How does **Columbia River Advisors** collect my personal information?

We collect your personal information, for example, when you

- Open an account or Provide account statements
- Provide wills or trusts or Provide goals, objectives
- Open a brokerage account with our assistance; review your investment needs, risk tolerances and personal / family obligations and career data (such as income, net worth, etc.)

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing. We share info only where vital to servicing your needs.

## Definitions

**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *We do not have affiliates under common control or ownership; our principals do have interests in other companies but not, full common ownership or control. Please see our Form ADV Part 2 A.*

**Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *We recommend TD Ameritrade, Fidelity Investments and Charles Schwab and Co. as custodians for client assets. We are not affiliated with each other; we are separate entities.*

**Joint marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *Not applicable to Columbia River Advisors, LLC.*

## Other important information

Columbia River Advisors, LLC is the legal entity name of the company.

We are a registered investment adviser with the U.S. Securities and Exchange Commission. We provide our clients and prospective clients with a "disclosure brochure" (Form ADV Part 2 A / B) available on a website maintained by the Securities and Exchange Commission at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).