

# Beacon Financial Advisory LLC Wrap Fee Program Brochure

*This brochure provides information about the qualifications and business practices of Beacon Financial Advisory LLC. If you have any questions about the contents of this brochure, please contact us at (216) 910-1850 or by email at: [info@beaconplanners.com](mailto:info@beaconplanners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Beacon Financial Advisory LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Beacon Financial Advisory LLC's CRD number is: 174334*

25825 Science Park Drive Suite 110  
Cleveland, Ohio, 44122  
(216) 910-1850  
[info@beaconplanners.com](mailto:info@beaconplanners.com)  
[www.beaconplanners.com](http://www.beaconplanners.com)

*Registration does not imply a certain level of skill or training.*

Version Date: 12/28/17

## Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of Beacon Financial Advisory LLC on February 12, 2016 are described below. Material changes relate to Beacon Financial Advisory LLC's policies, practices or conflicts of interests.

07/05/16

Changed wording in Additional Service Dollars Section to:

Beacon FA may recommend TD Ameritrade to clients for custody and brokerage services.

There is no direct link between Advisor's participation in the program and the investment advice it gives to its clients, although Advisor receives economic benefits through its participation in the program. Beacon FA receives economic benefits through its participation in the TD Ameritrade Institutional program which may include any one or more of the following:

Beacon FA, through its participation in the program, may receive discounts on compliance, marketing, technology, and practice management products or services provided to Beacon FA by third party vendors. These benefits received by Beacon FA, or its associated persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade.

That by receiving Additional Services, the Firm will receive certain additional economic benefits which may or may not be offered to any other independent advisors that participate in the Additional Services Program; If applicable, that the Firm makes the Additional Services available to its affiliates without cost. Consequently, the Firm's clients' brokerage commissions and custodial fees generated at TD Ameritrade may be used to benefit the Firm's affiliates. The Firm may have a conflict of interest in recommending to its clients that their assets be held in custody with TD Ameritrade and in placing transactions for client accounts with TD Ameritrade, because TD Ameritrade considers the amount and profitability to TD Ameritrade of the assets in, and trades placed.

Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include yHLSOft, Inc, Mastery Point Tools, E-Money, Morningstar, and Albridge.

TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

Assets Under Management Updated:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$59,304,605.00	\$0	June 2016

Assets Under Management Updated 3/13/17:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$227,722,539.00	\$0.00	December 2016

**Under Section 9B - Trading Securities At/Around the Same Time as clients' Securities.** - 04/01/2017

Such transactions may create a conflict of interest; however, Beacon FA will ensure the client receives the best price.

**Under Section 9 - Registration Relationships Update 08/21/2017**

From time to time, Karyn Pistone and Spencer Pistone Dieck will market under the DBA of Pistone Wealth Advisory LLC. Karyn Pistone is president of Pistone Wealth Advisory LLC and They both may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Beacon Financial Advisory LLC always acts in the best interest of the client and clients are in no way required to the services of any representative of Beacon Financial Advisory LLC in connection with such individual's activities outside of Beacon Financial Advisory LLC.

### Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes.....	ii
Item 3: Table of Contents.....	iii
Item 4: Services Fees and Compensation .....	4
Item 5: Account Requirements and Types of Clients .....	5
Item 6: Portfolio Manager Selection and Evaluation .....	6
Item 7: Client Information Provided to Portfolio Managers .....	12
Item 8: Client Contact with Portfolio Managers .....	12
Item 9: Disciplinary Information.....	12
Item 10: Requirements For State Registered Advisers .....	17

## Item 4: Services Fees and Compensation

Beacon Financial Advisory LLC (hereinafter "Beacon FA") offers the following services to advisory clients:

### A. Description of Services

Beacon FA participates in and sponsors a wrap fee program called the Beacon Focus Program, which allows Beacon FA to manage client accounts for a single fee that includes both portfolio management services and custodian fees, brokerage fees, mutual fund shareholder servicing fees, transaction fees, and other administrative fees. The fee schedule is set forth below:

Total Assets Under Management	Total Fee
\$0-\$99,999	1.55%
\$100,000 - \$1,000,000	1.45%
\$1,000,001 - \$2,000,000	1.20%
\$2,000,001 - And Up	1.10%

Beacon FA bills based on the balance on the first day of the billing period. These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit II of the client contract.

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

In the event of the termination of a relationship after either party provides 30 days written notice, for all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with thirty days' written notice.

### B. Contribution Cost Factors

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the

cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

Fees paid under the wrap fee program are not based directly upon the actual transaction or execution costs for the transactions within an investor's account. Depending on the underlying investments in an investor's wrap fee program account and how much trading an investors expects to do within the wrap fee program account, the investor may pay more for a wrap fee program account than if the investor chooses another Beacon FA advisory program that is not part of a wrap fee program, or if the investor chooses to pay separately for all of the transaction costs (e.g., pay the advisory fee plus all commissions).

Beacon FA offers both wrap fee portfolio management and non-wrap portfolio management to its clients.

### **C. Additional Fees**

Clients who participate in the wrap fee program will not have to pay for transaction fees, trading fees, custodian fees, brokerage fees, mutual fund shareholder servicing fees, transaction fees, and other administrative fees.

### **D. Compensation of Client Participation**

Neither Beacon FA, nor any representatives of Beacon FA receive any additional compensation beyond advisory fees for the participation of client's in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, Beacon FA may have a financial incentive to recommend the wrap fee program to clients.

## **Item 5: Account Requirements and Types of Clients**

Beacon FA generally provides its wrap fee program services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

### ***Minimum Account Size***

There is no account minimum.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

Beacon FA will not select any outside portfolio managers for management of this wrap fee program. Beacon FA will be the sole portfolio manager for this wrap fee program.

#### ***1. Standards Used to Calculate Portfolio Manager Performance***

Beacon FA will use industry standards to calculate portfolio manager performance.

#### ***2. Review of Performance Information***

Beacon FA reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed quarterly and is reviewed by Beacon FA.

### **B. Related Persons**

No related persons act as a portfolio manager for the wrap fee program as described in this brochure. As such, there are no conflicts of interest with related persons and Beacon FA will not select any related persons as portfolio managers for this wrap fee program.

### **C. Advisory Business**

Beacon FA offers portfolio management services to its wrap fee program participants as discussed in Section 4 above.

#### ***Wrap Fee Portfolio Management***

Beacon FA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Beacon FA creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

Beacon FA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Beacon FA will request discretionary authority from

clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

### ***Performance-Based Fees and Side-By-Side Management***

Beacon FA does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### ***Services Limited to Specific Types of Investments***

Beacon FA generally limits its investment advice to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, REITs, insurance products including annuities, private placements, options, and government securities. Beacon FA may use other securities as well to help diversify a portfolio when applicable.

### ***Client Tailored Services and Client Imposed Restrictions***

Beacon FA will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by Beacon FA on behalf of the client. Beacon FA may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Beacon FA from properly servicing the client account, or if the restrictions would require Beacon FA to deviate from its standard suite of services, Beacon FA reserves the right to end the relationship.

### ***Wrap Fee Programs***

Beacon FA sponsors and acts as portfolio manager for this wrap fee program. Beacon FA manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee accounts. The fees paid to the wrap account program will be given to Beacon FA as a management fee.

### ***Assets Under Management***

Beacon FA has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$227,722,539.00	\$0.00	December 2016

### ***Methods of Analysis and Investment Strategies***



### ***Methods of Analysis***

Beacon FA's methods of analysis include charting analysis, fundamental analysis, technical analysis, quantitative analysis and modern portfolio theory.

**Charting analysis** involves the use of patterns in performance charts. Beacon FA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

### ***Investment Strategies***

Beacon FA uses long term trading, short term trading, short sales, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Material Risks Involved***

#### ***Methods of Analysis***

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in

stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

Beacon FA's use of short sales, margin transactions and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Short sales** entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's

threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Risks of Specific Securities Utilized***

Beacon FA's use of short sales, margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include

the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices

or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Voting Client Proxies***

Beacon FA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 7: Client Information Provided to Portfolio Managers**

Beacon FA is the portfolio managers for this wrap fee program. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by Beacon FA. As that information changes and is updated, Beacon FA will have immediate access to that information once collected.

## **Item 8: Client Contact with Portfolio Managers**

Beacon FA places no restrictions on client ability to contact its portfolio managers. Beacon FA's representatives can be contacted during regular business hours and contact information is on the cover page of the individual's Form ADV Part 2B brochure supplement.

## **Item 9: Disciplinary Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-Regulatory Organization (SR) Proceedings***

There are no self-regulatory organization proceedings to report.

### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

As registered representatives of Lincoln Investment Planning, Gregory Giller Randall and Deborah Lynn George, accept compensation for the sale of securities.

### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither Beacon FA nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

Giuseppe Vitale and Bryan Costin are accountants. From time to time, they will offer clients advice or products from this activity. Beacon Financial Advisory LLC always acts in the best interest of the client. Clients are in no way required to utilize the services of any representative of Beacon Financial Advisory LLC in their capacity as an accountant.

Deborah Lynn George is a registered representative of Lincoln Investment Planning, Inc. and an investment adviser representative with Capital Analysts Inc. Ms. George also serves as President of and member of the Board of Directors of Jeremy Cares, Inc. a 501(c)(3) organization. Deborah does not receive any income from this role and all time spent in this capacity is voluntary.

Some or all of the Investment Adviser Representatives of Beacon FA are also licensed as registered representatives of Lincoln Investment Planning, a registered broker-dealer, and an investment adviser representative of Capital Analysts. As such, your Investment Advisory Representative may also act as agent and offer to you securities (such as mutual funds, stocks, or bonds) or insurance, or other advisory services offered by Lincoln Investment or Capital Analysts. If you choose to engage with an Investment Advisory Representative in these other services or products, the Investment Advisory Representative may receive additional compensation.

Beacon FA is not affiliated with Lincoln Investment or Capital Analysts Inc. and is separately responsible for complying with the rules and regulations of the Investment Advisers Act of 1940 and/or any applicable states' rules and regulations relating to investment advisory activities. Neither Lincoln Investment or Capital Analysts Inc. conducts due diligence of the Beacon FA's advisory services nor endorses any advisory services offered by Beacon FA

Your Investment Adviser Representative and Beacon FA must disclose or make available to Lincoln, confidential information about its customers. Lincoln shall only use this information for supervisory purposes. Your Investment Adviser Representative and

Beacon FA have entered into a confidentiality agreement with Lincoln to ensure your information is protected.

From time to time, Karyn Pistone and Spencer Pistone Dieck will market under the DBA of Pistone Wealth Advisory LLC. Karyn Pistone is president of Pistone Wealth Advisory LLC and They both may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Beacon Financial Advisory LLC always acts in the best interest of the client and clients are in no way required to the services of any representative of Beacon Financial Advisory LLC in connection with such individual's activities outside of Beacon Financial Advisory LLC.

### ***Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections***

Beacon FA may utilize third-party investment advisers, third party platforms, or turn-key asset management programs for certain clients, including Symmetry Partners and SEI. This relationship will be memorialized in each client contract between Beacon FA and each third-party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that Beacon FA has an incentive to direct clients to the third-party investment advisers that charge Beacon FA and/or its clients a lower fee. Beacon FA will always act in the best interests of the client, including when selecting third-party investment advisers/turn-key asset management programs. Beacon FA will ensure that all recommended advisers are exempt, licensed or notice filed in the states in which Beacon FA is utilizing them.

## **B. Code of Ethics, Client Referrals and Financial Information**

### ***Code of Ethics***

Beacon FA has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Beacon FA's Code of Ethics is available free upon request to any client or prospective client.

### ***Recommendations Involving Material Financial Interests***

Beacon FA does not recommend that clients buy or sell any security in which a related person to Beacon FA or Beacon FA has a material financial interest.

### ***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of Beacon FA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Beacon FA to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Beacon FA will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

From time to time, representatives of Beacon FA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Beacon FA to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, Beacon FA will ensure the client receives the best price.

### ***Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

All client accounts for Beacon FA's advisory services provided on an ongoing basis are reviewed at least annually by Deborah Lynn George, Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Beacon FA are assigned to this reviewer.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### ***Content and Frequency of Regular Reports Provided to Clients***

Each client of Beacon FA's advisory services provided on an ongoing basis will receive a monthly statement detailing the client's account, including assets held, asset value, and calculation of fees. This written statement will come from the custodian. Beacon FA will also provide at least annually a separate written report to the client.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)***

Beacon FA does not receive any economic benefit, directly or indirectly from any third party for advice rendered to its clients, though Beacon FA may receive discounted or



free trades from TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/ ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. Beacon FA participates in the TD Ameritrade Institutional advisor program (the "Program") and recommends clients to utilize TD Ameritrade Institutional for its wrap fee portfolio management services. If Client elects to use a custodian other than the custodian suggested by Beacon FA, then Beacon FA may not be able to negotiate the best rates.

While Beacon FA has no formal soft dollars program in which soft dollars are used to pay for third party services, Beacon FA may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). Beacon FA may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and Beacon FA does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Beacon FA benefits by not having to produce or pay for the research, products or services, and Beacon FA will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Beacon FA's acceptance of soft dollar benefits may result in higher commissions charged to the client.

TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. Beacon FA receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, Beacon FA participates in TD Ameritrade's institutional customer program and Beacon FA may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Beacon FA's participation in the program and the investment advice it gives to its Clients, although Beacon FA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Beacon FA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have Beacon FA fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Beacon FA by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Beacon FA's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Beacon FA but may not benefit its Client accounts. These products or services may assist Beacon FA in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Beacon FA manage and further develop its business enterprise. The benefits received by Beacon FA or its personnel through

participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Beacon FA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Beacon FA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Beacon FA's choice of TD Ameritrade for custody and brokerage services.

***Additional Service Dollars- TD Ameritrade Institutional program***

Beacon FA participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent SEC-registered broker-dealer. TD Ameritrade and Beacon FA are separate and unaffiliated. TD Ameritrade offers services to independently registered investment advisors which include custody of securities, trade execution, and clearance and settlement of transactions. Beacon FA receives some benefits from TD Ameritrade through its participation in the TD Ameritrade Institutional program.

Beacon FA may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its clients, although Advisor receives economic benefits through its participation in the program. Beacon FA receives economic benefits through its participation in the TD Ameritrade Institutional program which may include any one or more of the following:

Beacon FA, through its participation in the program, may receive discounts on compliance, marketing, technology, and practice management products or services provided to Beacon FA by third party vendors. These benefits received by Beacon FA, or its associated persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade.

That by receiving Additional Services, the Firm will receive certain additional economic benefits which may or may not be offered to any other independent advisors that participate in the Additional Services Program; If applicable, that the Firm makes the Additional Services available to its affiliates without cost. Consequently, the Firm's clients' brokerage commissions and custodial fees generated at TD Ameritrade may be used to benefit the Firm's affiliates. The Firm may have a conflict of interest in recommending to its clients that their assets be held in custody with TD Ameritrade and in placing transactions for client accounts with TD Ameritrade, because TD Ameritrade considers the amount and profitability to TD Ameritrade of the assets in, and trades placed.

Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include yHLSoft, Inc, Mastery Point Tools, E-Money, Morningstar, and Albridge.

TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services.

Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

### ***Compensation to Third Party Personnel for Client Referrals***

Beacon FA compensates third party solicitors for client referrals. All compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law.

### ***Balance Sheet***

Beacon FA neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither Beacon FA nor its management has any financial condition that is likely to reasonably impair Beacon FA's ability to meet contractual commitments to clients.

### ***Bankruptcy Petitions in Previous Ten Years***

Beacon FA has not been the subject of a bankruptcy petition in the last ten years.

Additional Service Dollars

## **Item 10: Requirements For State Registered Advisers**

### **Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither Beacon FA, nor its management persons, has any relationship or arrangement with issuers of securities.