
**Item 1: Cover Page for Part 2A Appendix 1 of Form ADV: Wrap Fee
Program Brochure
May 2016**



405 32nd Street, Suite 201
Bellingham, WA 98225
www.myskylineadvisor.com

Firm Contact:
Mark Logan
Chief Compliance Officer

Phone: (360) 671-1621
Fax: (360) 647-0068

This brochure provides information about the qualifications and business practices of Skyline Advisors, Inc. If you have any questions about the contents of this brochure, please contact us by telephone or email at info@myskylineadvisor.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 Skyline Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov

Please note that the use of the term "registered investment advisor" and description of Skyline Advisors, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

Item 2: Material Changes

Skyline Advisors, Inc. is required to advise you of any material changes to the Wrap Brochure ("Wrap Brochure") from our last annual update, identify those changes on the cover page of our Wrap Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Wrap Brochure. We must clearly that we are discussing only material changes since other last annual update of our Wrap Brochure, and we must provide the date of the last annual update of our Wrap Brochure

Since the initial filing of this Wrap Brochure on 04/13/2015 the following material changes have been made:

- 1) Effective September 2015, both Bay City Financial Services, Inc. ("Bay City") and Fairhaven Financial Advisors, Inc. ("Fairhaven") were dissolved and all client accounts were assigned to Skyline Advisors. Therefore, we have updated Item 9 – Additional Information to remove any information relating to Mark Wallace and Gerald Wallace's ownership and affiliation with Bay City and Mark Logan as well as William Unrein's ownership and affiliation with Fairhaven.
- 2) Updated proxy policy, see Item 17 for additional information

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Item 4: Services, Fees & Compensation

A wrap fee program allows our clients to pay one fee for investment advisory services and the execution of transactions. The advisory services include portfolio management; the fee is not based upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). We do not charge our clients higher advisory fees based on their trading activity. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where trade execution costs are passed directly through to you by the executing broker.

Our Wrap Wealth Management Service

Our Wrap Wealth Management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

As part of this service, we may utilize third party investment advisors for services rendered on Separately Managed Accounts ("SMA") to aid in the implementation of an investment portfolio designed by our firm. Before selecting a firm or individual, we will ensure that the chosen party is properly licensed or registered.

Fee Schedule

Our annual fees shall be based on a negotiated percentage of the market value of the assets under management not to exceed 1.50%. Fees are paid on all assets under management, including securities, cash and money market balances. Margin debit balances do not reduce the value of assets under management.

The annual fee is billed on a pro-rata basis quarterly in advance based on the value of your account on the last day of the previous quarter. Fees are negotiable and will be deducted from your account. Occasionally, we will directly bill clients. As part of the fee deduction process, the client is made aware of the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms; and
- c) If we send a copy of our invoice to you, it will include a legend urging you to compare information provided in our statement with those from the independent custodian.

Please note the first advisory fee charged to new client accounts includes the fee charged on the regular billing date in advance for the first full quarter as well as a one-time pro-rata advisory fee in arrears for services rendered between the account enrollment date and the end of the previous quarter. The ultimate management fee is listed on Schedule A of the client agreement and is indicated on the custodial account application form. Our firm does not have the authority to instruct the account custodian to raise or deduct fees without written client consent. The independent custodian will make quarterly adjustments for deposits and withdrawals in your accounts.

We are compensated by third party investment advisors for services rendered on Separately Managed Accounts ("SMA"). The compensation paid to us is typically the same as our stated investment advisory fee percentage. The SMA manager will also have an agreed upon fixed fee that will be disclosed to the client and charged in addition to our advisory fee. The fee paid to the SMA manager may be higher or lower than our fee depending on the type of investment strategy utilized within the account. The terms and conditions under which the client shall engage the SMA manager shall generally be set forth in a tri-party agreement between the client, our firm and the designated SMA manager.

Other Types of Fees & Expenses:

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

Item 5: Account Requirements & Types of Clients

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$100,000 for our Wrap Wealth Management service. While this minimum account balance would be required throughout the course of the client's relationship with our firm, the minimum account balance requirement is negotiable.

Item 6: Portfolio Manager Selection & Evaluation

Our firm selects and reviews outside portfolio managers based on the following factors:

- past performance;
- investment philosophy;
- market outlook;
- experience of portfolio managers and executive team;
- disciplinary, legal and regulatory histories of the firm and its associates; and
- whether established compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, anti-money laundering.

We do not calculate portfolio manager performance. Instead, we rely upon the performance figures based on client's monthly or quarterly statements or reports provided to us by third party portfolio managers.

Advisory Business

See Item 4 for information about our advisory program. We offer individualized investment advice to all clients. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

Participation in Wrap Fee Programs

We only offer wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage non-wrap fee accounts.

Performance-Based Fees & Side-By-Side Management

We do not charge performance fees to our clients.

Methods of Analysis, Investment Strategies & Risk of Loss

We use custom tailor portfolios and model portfolios when formulating our investment advice and/or managing client assets. Our firms' utilization of a custom tailored portfolio versus model portfolios is based on a number of factors including: the individual client timeframe, risk tolerance and financial goals. We do not primarily recommend any particular method of analysis or strategy or any particular type of security.

Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- **Technical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company or market.
- **Charting Analysis:** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market or security is moving up or down and to predict when that trend might reverse.
- **Cyclical Analysis:** In this type of technical analysis, we measure the movements of a particular market or security against other markets or securities in an attempt to predict the price movement of the security.
- **Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements.

All of the aforementioned methods of analysis present potential risks, and the investments selected may not perform as expected. Be aware that investing in the financial markets and securities involves a certain amount of risk. Although efforts are taken to minimize such risk, there are no guarantees that the selected investments will meet their expected returns, or that these investments will not lose money.

Other factors that play a role in security selection include diversification, overall cost associated with the investment, correlation to other investments owned, tax efficiency, and, in the case of mutual funds, manager tenure.

Investment Strategies We Use

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- **Long-Term Purchases** (Securities Held At Least a Year): When utilizing this strategy, we may purchase securities with the expectation of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically we employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.
- **Short-Term Purchases:** When utilizing this strategy, we may purchase securities with the expectation of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. The risk in this strategy is that the funds invested may decline sharply in value before we make a decision to sell.
- **Trading:** While not our standard practice, we may purchase securities with the expectation of selling them very quickly (within 30 days or less). We would do this in an attempt to take advantage of our predictions of brief price swings. The risk associated with this strategy is that a high volume of trading activity may lead to increased transaction fees, returns are not guaranteed on any transaction and that the market can be volatile.
- **Margin Transactions:** We may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings. The risk in utilizing borrowed money is that clients may be subject to a margin call, where the addition of cash will be required to liquidate the position.
- **Option Writing:** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We may buy a call if we have determined that the stock will increase substantially before the option expires. A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we have determined that the price of the stock will fall before the option expires. We may use options to "hedge" a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio. We may use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors. Inherent risks associated with this strategy include time sensitivity and that options are less tangible than other investments. An options contract is for a short period - generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur before the option expires. Options are book entry only investments and do not come with paper certificates of ownership.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. While the financial markets and value of the securities your portfolio is invested in may increase and your account(s) could enjoy a gain, it is also possible that the financial markets and the value of the securities your portfolio is invested in may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the financial markets, that the risks are appropriately diversified in your investments, and that you ask us any questions you may have.

Description of Material, Significant or Unusual Risks

We generally invest clients' cash balances in FDIC insured bank deposit programs or money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Some cash will be maintained so that our firm may debit advisory fees for our services related to Wrap Wealth Management as applicable. Ultimately, we try to achieve the highest return on our clients' cash balances through relatively low-risk conservative investments.

Voting Client Securities

We generally do not accept proxy authority to vote 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.

Exceptions will be made on a case by case basis upon firm approval whereby our firm will vote proxies on behalf of clients in accordance with our written policies and procedures, a copy of which can be requested from our Chief Compliance Officer.

Item 7: Client Information Provided to Portfolio Manager(s)

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Because we do not utilize outside portfolio managers and all accounts are managed by our in-house professionals we do not share any of your personal information with outside portfolio managers.

Item 8: Client Contact with Portfolio Manager(s)

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

Item 9: Additional Information

Disciplinary Information

We have determined that our firm and management have no disciplinary information to disclose.

Financial Industry Activities

Although not our primary scope of work, related persons of our firm are also registered representatives with Purshe Kaplan Sterling Investments, a member FINRA/SIPC. Our firm is not affiliated with Purshe Kaplan Sterling Investments, Inc. Our related persons may offer securities and receive normal and customary commissions as a result of securities transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation our related persons may earn and may not necessarily be in the best interests of the client.

As licensed insurance agents, our advisory representatives may recommend to advisory clients a variety of insurance products, and may offer commissionable insurance products to our firm's clients for which they may receive compensation. This may create a conflict of interest to the extent that advisory representatives may earn additional compensation for recommendations of insurance products purchased through them. Advisory clients are never under any obligation to purchase insurance products. Collectively, our advisory representatives spend 3 hours per month on this outside business.

Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

An investment advisor is considered a fiduciary and our firm has a fiduciary duty to all of our clients. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes policies and procedures to avoid Insider Trading, as well as Personal Securities Transactions Policies and Procedures. Upon employment or affiliation, and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all

clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest. Related persons of our firm may buy or sell securities and other investments that are also owned by our clients. In order to minimize this potential conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

Review of Accounts

We review accounts on at least a quarterly basis for our clients subscribing to our Wrap Wealth Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews. Skyline Advisors does provide quarterly reports which include account balance, performance and management fee information.

Client Referrals:

We do not pay referral fees to independent solicitors (non-registered representatives), nor to anybody else, for the referral of their clients to our firm in accordance with relevant state statutes and rules.

Other Compensation:

Schwab makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Schwab directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Schwab to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

Financial Information

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.

- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.

Item 10: Requirements for State-Registered Advisors

We are SEC Registered, so this Item does not apply.