

Item 1: Cover Page

Key Financial, Inc.
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Form ADV Part 2A – Firm Brochure

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This brochure provides information about the qualifications and business practices of Key Financial, Inc. (“KFI”). If the client has any questions about the contents of this brochure, please contact us at 610-429-9050. 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 KFI is available on the SEC’s website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Key Financial is 116240.

KFI is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2: Material Changes

Since the last annual filing, dated March 13, 2019, there have been no material changes.

Item 3: Table of Contents

Contents

Item 1: Cover Page	1
Item 2: Material Changes.....	2
Item 3: Table of Contents	2
Item 4: Advisory Business	3
Item 5: Fees and Compensation	9
Item 6: Performance-Based Fees and Side-By-Side Management.....	19
Item 7: Types of Clients.....	19
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	20
Item 9: Disciplinary Information	24
Item 10: Other Financial Industry Activities and Affiliations.....	25
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .	27
Item 12: Brokerage Practices	29
Item 13: Review of Accounts	31
Item 14: Client Referrals and Other Compensation	32
Item 15: Custody	33
Item 16: Investment Discretion	34
Item 17: Voting Client Securities	34
Item 18: Financial Information	34

Item 4: Advisory Business

Description of Advisory Firm

Key Financial, Inc. (hereinafter referred to as the “Advisor” or “KFI”) is registered as an Investment Adviser with the Securities and Exchange Commission. KFI was formed in March of 1997 and Patricia Clark Brennan (CRD Number 1454607) is one hundred percent (100%) equity owner. Mrs. Brennan also acts as the firm’s President, CEO, and Chief Compliance Officer. The Advisor is not publicly owned or traded. There are no indirect owners of the Advisor or intermediaries that have any ownership interest in the Advisor. The Advisor provides investment management services on a continuous and ongoing basis. Client cases are managed on an individualized basis and services are tailored to meet clients’ specified needs, goals, and objectives. Clients may impose restrictions on their accounts. The Advisor does not sponsor any wrap programs.

As of December 31, 2019, KFI manages \$937,219,271 on a discretionary basis and \$294,867,611 on a non-discretionary basis.

Types of Advisory Services

Principal Business:

Advisor believes financial decisions should be based on the client’s desired financial outcomes with portfolio management and the deployment of financial resources serving the overall goals of each client. Therefore, KFI’s principal business purpose is to provide comprehensive financial planning services and investment recommendations that are intended to adhere closely to the client’s stated goals and objectives. In certain instances, advice regarding investments and asset allocation as deemed appropriate may be provided without comprehensive financial planning. Estate planning may be done on a modular basis with retirement cash flow analysis in order to help determine the probability of a client maintaining their lifestyles and standards of living in retirement. KFI manages client accounts on a discretionary or non-discretionary basis according to the client’s preference (as designated on in the client’s advisory agreement). For accounts managed on a discretionary basis, the Advisor is authorized to implement recommendations and effect investment transactions related to the assets in clients’ Account(s). Clients authorize the Advisor, without prior consultation, consent, or approval to give instructions regarding the amount of securities to be bought or sold and/or the timing of such transactions to the custodian to implement securities transactions on behalf of clients. This authority does not extend to the withdraw or transfer of funds from client’s account(s).

For accounts managed on a non-discretionary basis, the Advisor may provide periodic recommendations to clients and if such recommendations are approved/authorized, the Advisor will ensure that the authorized recommendations are carried out for clients' accounts. Subsequent to the client approval, Advisor is authorized to buy, sell, and trade in financial instruments and investment products and to give instructions in furtherance of such authority to a registered broker-dealer, other financial institution, and/or the custodian of the assets.

As previously mentioned, KFI does not believe in requiring clients to prepay for services and has adopted a policy of billing in arrears. As such, fees are due and payable on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Advisor may choose to "grandfather" existing clients and bill them according to a previously agreed upon fee schedules. Clients are directed to Item 12, below for a discussion of the Advisor's brokerage practices.

Comprehensive Financial Planning Services (Phase One – Initial Financial Plan):

KFI, through its Investment Advisor Representatives, or associated persons of the Advisor meets with prospective clients to explore basic points of personal and/or business financial planning. There is no charge for this initial consultation. Once the Advisor has been engaged to prepare an Initial Financial Plan under the terms of the Phase One Agreement, the client is required to complete a financial planning questionnaire and provide necessary or requested documents to aid in the development of the financial plan. Once the relevant information is received, the Advisor evaluates client's asset allocation, securities, income taxes, estate planning, retirement planning, personal investments, insurance, financing options, cash flow, company benefits and any other financial aspects applicable to the services of the Financial Planning Agreement.

After the financial plan has been developed and stress tested, a follow-up meeting is scheduled where the written plan is delivered. The written financial plan generally includes an overview of the planning assumptions, an analysis of the client's projected long-term cash flow, and the potential impact of current strategies on the client's financial circumstances. In many cases, alternative planning scenarios may be presented to offer potential solutions to allow clients to achieve their stated goals and objectives. The financial plan and all assumptions are carefully reviewed for accuracy with the client and it is clearly communicated that the client is under no obligation to implement any of the recommendations through the Advisor or the firm.

If the client is satisfied with and agrees to the proposed recommendations of the Initial Financial Plan, the client may proceed to an ongoing Financial Planning and Asset Monitoring (Phase Two) relationship with the Advisor. If a Phase Two Agreement is signed, the Advisor will implement the recommendations approved by the client.

Recommendations can be made for retail accounts or advisory accounts (subject to the client's preference), and Advisor shall disclose whether the Advisor will be compensated on the basis of asset-based fees, or whether commissions will be earned. Advisor does not advocate for a particular account type, but clients should be aware that non-discretionary retail accounts involve additional timing risk(s) that may not be present in discretionary advisory accounts. If the client does not choose to proceed to Phase Two, no ongoing planning or asset monitoring will be provided, and the client is solely responsible for the decision to implement and the implementation of any of the recommendations that the client deems to be appropriate. Access to staff and online portals will cease according to the terms of the Phase One Agreement.

Comprehensive and modular planning may include the following services as requested by the client and deemed appropriate by the Advisor:

- Balance sheet and net worth estimates
- Analysis of net worth and working capital
- Cash flow projections and cash flow management
- Tax projections and tax planning
- Asset allocation and investment planning-
- College education projections & funding alternatives
- Retirement projections and planning
- Estate tax calculations and planning
- Other planning services (as required)

Clients should be mindful that the value and usefulness of the financial planning services of the Advisor will be dependent upon information provided, and upon the client's active participation in the formulation of financial planning objectives and implementation of plans to attain those objectives. The client will provide copies of insurance policies, wills, tax returns, and other documents and information as the Advisor may reasonably request in order to permit complete evaluation and prepare planning and investment recommendations to the client.

KFI recognizes that the value of any financial plan goes beyond the written plan and involves carefully monitoring clients' progress toward their financial goals and objectives. Without this, a static plan can become obsolete as changes in a client's financial situation, the economy, tax laws, and markets can have a significant impact on the success of the original plan. Further, recommendations made based on these factors may cause any Phase One recommendations to become less appropriate, outdated, or no longer advisable. As such, KFI's investment advisory structure is designed to align the firm's interests with the best interests of the client.

Ongoing Financial Planning & Asset Management (Phase Two – Advisory Services):

The Advisor will monitor the client's financial plan and furnish periodic updated recommendations, as needed, regarding the allocation of present financial resources among different types of assets (including investments, savings, and life insurance). If a comprehensive financial plan has not been prepared, the client can request these services at any time. These services will be performed with the intent to better correlate the investment strategies and deployment of assets with the client's financial planning objectives. Clients may continue to utilize the Advisor in an investment program of Asset Allocation and to monitor clients' objectives, risk tolerance, and financial constraints. The Advisor will also furnish periodic performance reports in accordance with the reporting requirements of the Advisers Act of 1940, which will include the client's present financial position.

In order to manage clients' portfolios as an element of the ongoing financial planning services, the Advisor will offer Royal Advisory Services Accounts ("RAS Accounts"), which are accounts that authorize the Advisor to purchase no-load mutual funds, load-waived funds, and other equity, ETF's, debt, and option securities on behalf of the client. No initial sales charges or commissions will be assessed in these accounts, nor will the Advisor charge any amount over and above the minimum broker-dealer commission and clearing charges. As such, in addition to the quarterly account fee described below, the client may also be required to pay separate per-trade transaction charges. Please see the client agreement for a complete list of transaction charges. The Advisor will request the relevant financial data from the client and assist in the selection of advisable investments. The investment strategy will be tailored to the specific needs of the client and will depend on the client's financial goals and individual or personal/family situation. For the avoidance of doubt, the client retains the opportunity to place reasonable restrictions on investments held within the RAS Account, and if applicable, the client should promptly notify the Advisor by providing such restrictions in writing.

Alternative Advisory Service Arrangements

Advisor Managed Accounts (Investment-Only Service) – While the Advisor believes that every client can benefit from a financial plan, from time to time, clients may decide that comprehensive financial planning services are not necessary given their financial situation or preference. Under such circumstances, clients may choose to engage the Advisor for discretionary asset management services that do not include comprehensive financial planning services. These clients will be billed according to the RAS Account fee schedule as the Advisor does charge a separate fee for financial planning services.

Outside Accounts - Asset allocation selection and portfolio monitoring services may be provided for clients with external pension, profit sharing, 401k, 403b, mutual fund or brokerage accounts held at custodians or broker-dealers outside of the Advisor's broker-dealer, as part of the financial planning advisory services. For the avoidance of doubt, continuous management and ongoing performance reporting will not be provided for outside accounts. Since data feeds come directly from the Advisor's Custodian, ongoing monitoring, continuous management, and performance reporting will be provided for assets under custody of Royal Alliance or its clearing firm, Pershing LLC.

Grandfathered Retail Accounts - Clients who engaged the Advisor for services prior to the availability of discretionary asset management services (RAS Accounts) are grandfathered under the Advisor's previous asset-based fee structure of one-third of one percent of assets under management for financial planning and asset monitoring. Recommendations are made on a periodic basis. This program is not available to new clients, except for new clients related to an existing grandfathered retail account client.

Grandfathered Converted RAS Accounts – This arrangement is available for Grandfathered Retail Account clients who desire access to institutional pricing, discretionary investment services, and continuous and ongoing management of client portfolios can choose to convert to a RAS Account. Clients who take advantage of this account conversion will receive the grandfathered advisory fee rate of sixty-five basis points.

Grandfathered Third-Party Managed Accounts - In certain circumstances the Advisor may utilize the services of RTD Financial Advisors ("RTD") serving as a third-party money manager. RTD utilizes Charles Schwab as the broker-dealer firm. In general, the minimum account size is \$250,000. The Advisor provides recommendations regarding asset allocation which is the process of selecting a mix of asset allocation of capital to those assets based on the client's objectives, risk tolerance, and time constraints.

Quarterly status and repositioning reports are provided by RTD. As part of KFI's agreement with RTD, the Advisor will be compensated sixty-five percent (65%) of fees collected from clients that pertain to services rendered pursuant to this agreement.

As part of an initial financial planning analysis and engagement, the Advisor will assist clients in determining their investment goals and objectives, risk tolerance, and retirement plan investment time horizons. The Advisor will then recommend an initial asset allocation. However, if such assets are custodied outside of the control and oversight of the Advisor's broker-dealer (Royal Alliance Associates, Inc.) or custodian (Pershing LLC), the client is responsible for the implementation of the Advisor's recommendations and ongoing monitoring of asset allocation and performance.

Termination - Clients can terminate their relationship with the Advisor by providing written notice in accordance with the terms of their signed agreement. KFI bills for ongoing financial planning and asset monitoring services in arrears so issues related to the refunding of prepaid fees generally do not apply. If an extraordinary circumstance involving the termination of services after a prepayment, the client would then receive, where applicable, a prorated refund of any prepaid advisory fees. Such prorated refund will be based upon actual services and termination costs incurred up to and at the time of termination of the Advisor's services.

Educational Seminars - KFI offers free financial education seminars as a means of introducing the knowledge, expertise, and services of the Advisor to the public. The Advisor also hosts client appreciation events and meetings from time to time. Mutual fund companies and annuity companies may participate in covering the costs associated with these events and seminars. In the Advisor's view, this constitutes a potential conflict of interest. However, the client's best interest shall always be placed ahead of the interests of the Advisor and/or its associated persons.

Trust Services - KFI participates in Pershing's Trust Network and may recommend clients who are in need of personal trust services to certain corporate trustees in the Trust Network. In the event that a client employs a corporate trustee, neither KFI, nor its associated persons, receive compensation from the corporate trustee. All fees paid to the corporate trustee for services performed are separate from, and in addition to, fees paid to KFI for financial planning and advisory services performed. Clients are under no obligation to use any recommended corporate trustee(s) for personal trust services.

Item 5: Fees and Compensation

Generally, KFI seeks to provide comprehensive financial planning services as well as asset management services that are intended to allow clients to achieve the goals and objectives included in their individualized financial plan. As such, KFI charges its Phase One Financial Planning clients fees for the services related to the research, development, and recommended actions included as part of the client's initial financial plan. For Phase Two clients receiving ongoing financial planning and asset monitoring services, KFI charges asset-based Advisory Fees. Under certain circumstances where comprehensive financial planning services are not required, KFI may offer investment advisory services that do not include financial planning services. The Advisor may choose to provide services for a reduced rate or waive the initial financial planning fee and/or quarterly financial planning and asset monitoring fees ("Advisory Fees"). The fees and other sources of compensation associated with each of the previously mentioned Advisor-client relationships are described in this section.

Types of Fees for Services

Fees for Comprehensive Financial Planning Services (Phase One – "Financial Planning Fee"):

Phase One Financial Planning clients are charged a fixed fee amount for a comprehensive Initial Financial Plan which is estimated by the Advisor during the initial meeting in consideration of the services requested, the complexity of the client's financial situation, the composition of the client's account, estimated time required to complete the requested financial planning services.

Fees for Ongoing Financial Planning & Asset Management (Phase Two - "Advisory Fees"):

While it is a common practice among financial advisors to distinguish between different tiers of financial planning services, KFI offers its full menu of comprehensive financial planning services to all of its financial planning clients. Additionally, while many advisors distinguish between and charge separate and/or additional fees for ongoing financial planning services and asset management services, KFI believes these services complement and enhance one another. As such, KFI includes both the ongoing financial planning and asset management services in its asset-based Advisory Fee structure.

Phase Two clients are charged fees for ongoing financial planning and asset monitoring fees (collectively referred to as "Advisory Fees"). The Advisory Fees are calculated as a percentage of assets under management and are paid on a quarterly basis.

Advisory Fees will be due and payable in arrears on the first business day of each calendar quarter in the amount based upon the total value of Client's Account(s) on the last business day of the previous quarter. Advisory Fees are not charged on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory client. Fees paid to the Advisor for investment advisory services are separate and distinct from the fees and expenses charged by clearing firms or by mutual funds and to their shareholders. These fees and expenses are described in each fund's prospectus and the addendum to the Phase Two Agreement. Such fees will generally include a management fee, other fund expenses, a possible distribution fee, or a clearing charge. If the fund also imposes sales charges, only non-discretionary Retail Account clients will bear the costs of any initial or deferred sales charge(s).

A client could invest in a mutual fund directly, without the services KFI. In that case, the client would not receive the services provided by the Advisor that are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to the client's financial condition, objectives, tax liability and financial planning. Accordingly, the clients should review both the fees charged by the funds and the fees charged by KFI to fully understand the total amount of fees to be paid by the clients and to thereby evaluate the advisory services being provided. KFI is responsible for the calculation of advisory fees and requesting the debiting of all fees from the client's account(s) held by the Advisor's approved custodians. Clients will provide written authorization to the custodian to debit the Advisory Fees from their account(s) and to pay the fees to KFI. Fee amounts are based on the account's asset value as of the last business day of the previous calendar quarter. As a term of the Advisory Agreement, clients authorize the Advisor to deduct the Advisory Fees directly from the client's advisory account in accordance with applicable custody rules. KFI follows current best practices where fees are prorated on an account basis while aggregating all accounts to reduce overall fees. Clients may elect to have the quarterly fee charged to, and deducted from, one account or to split the charged amount between multiple accounts. Clients should consult with their tax advisor or CPA for potential implications of this approach. The Advisor and client must execute an agreement to engage in advisory services. The agreement shall remain in effect until terminated by either party by providing notice to the other party in writing at least ten (10) days prior to the date of termination. Clients are provided a copy of this brochure (Form ADV, Part 2A) prior to the execution of any advisory agreement. If a client does not receive this brochure prior to the execution of an advisory agreement, the client shall have a period of five (5) days to terminate the agreement without penalty or fees. Effective from the date of termination, the Advisor shall refrain, without liability or obligation, from taking any further action related to the client's account(s). Accounts under separate names or titling will be aggregated for a reduction in total fees.

Wrap Fee Programs – KFI does not sponsor a wrap, unbundled wrap, or fee and commission offset program through Royal Alliance or Schwab. Schwab charges commission rates that are generally considered discounted from customary retail commission rates. However, the commissions and/or transaction fees charged by Royal Alliance and Schwab may be higher or lower than those charged by other broker-dealer/custodians. The fees charged by Royal Alliance and Schwab, or any other designated broker-dealer/custodian, are exclusive of, and in addition to, KFI's financial planning and asset monitoring fees. In addition, the clients shall also incur charges imposed at the mutual fund level (e.g. management fees and other fund expenses). Please see client agreement for charges imposed by clearing firm/broker-dealer and commission rates as they may apply to various accounts, holdings, purchases, or sales.

Third-Party Charges - KFI's fees for services are exclusive of transaction or execution fees and other related costs and expenses that may be incurred in relation to the management of clients' accounts. Additional charges are imposed by third-party custodians, brokers, dealers, and other third parties. These charges may include mark-ups, mark-downs, custodial fees, deferred sales charges, trading charges for odd-lot differentials, commissions, revenue-sharing and dealer profits. A third-party can also impose charges for electronic fund wire transfer, certificate delivery, American Depositary Receipt (ADR), annual maintenance, and transfer taxes mandated by law. Mutual fund and exchange traded funds can also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and costs are exclusive of, and in addition to, KFI's fees. KFI will not receive a portion of the operational fees charged by third-parties.

Fee Terms for Additional Services - The Advisor retains the right to charge a fee for settling estates, divorce settlements, consultations with trust attorneys, or project-based work. These fees will be estimated based upon the nature, complexity, and the anticipated time required and agreed upon by both the Advisor and the client in advance. Fees related to additional services will be charged to the client after the work has been completed.

Disclosure Regarding Fee Based Asset Management Accounts - When making the determination as to whether one of the following advisory programs available through KFI is appropriate, clients should be aware that fee-based accounts, when compared with commission-based accounts, often result in lower costs during periods when trading activity is heavier (such as the year an account is established). However, during periods when trading activity is lower, the fee-based account arrangements could result in a higher annual cost for transactions. Therefore, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and the client's tax situation.

Further, retail (commission-based) accounts do not allow for Advisor to have discretion, which could result in a delay of implementation of recommendations which may impact investment results and affect client outcomes. Clients should discuss the advantages and disadvantages of fee-based and commission-based accounts with their adviser representative or financial professional.

Mutual Fund & Exchange Traded Fund (ETF) Fees - Each mutual fund and exchange traded fund will detail its fees and costs in its prospectus. The fund's expense ratios typically include the related fees as well as fees paid by the fund's shareholders including, but not limited to, mutual fund sales loads, 12(b)-1 fees, and surrender charges. For accounts managed with discretionary authority, the Advisor does not share in these fees charged by the fund company.

Mutual funds or exchange traded funds recommended to KFI may be available directly from the fund company or through another financial services provider. Non-discretionary ("Retail") accounts typically involve upfront or back-end charges, and the Advisor does derive a portion of compensation from these fees. Advisor may also offer funds or share classes that clients would not be qualified to purchase outside of the KFI's advisory platform. Please refer to each fund's prospectus when considering investing in mutual funds and ETFs. In the event of termination, a liquidation or exchange of these investments for the share class corresponding to the size of the client's individual investment in the fund may be required to assist in the administration of the transfer of assets to another custodian.

Insurance & Annuities – Insurance and Annuities represent risk transfer tools and as part of a comprehensive financial plan, Advisor may recommend a change in insurance or additional coverage. Clients have the option to utilize existing relationships to implement a recommendation; or have advisor obtain quotes from unaffiliated brokers or agents. Representatives of KFI may share in commissions and/or overrides that are paid by these companies for insurance placed through them. Clients are advised that there is total freedom to choose any insurance to choose any insurance company they may desire.

Retirement Plan Providers - KFI's fees for services do not include the administrative costs for a qualified retirement plan. Third-party service providers charge these fees under separate agreements with the plan or plan sponsor.

Phase Two Account Types and Advisory Fees

ROYAL ADVISORY SERVICES ACCOUNTS ("RAS ACCOUNTS"):

Discretionary RAS Accounts

Discretionary RAS Accounts are offered through KFI's broker-dealer firm, Royal Alliance Associates, Inc. ("Royal Alliance") and custodied by Pershing LLC ("Custodian"), a subsidiary of the Bank of New York Mellon. RAS Account Advisory Services are generally undertaken on a discretionary basis and involve a minimum charge of \$625.00 per quarter. The minimum fee charged on non-discretionary RAS Accounts is \$750.00 per quarter. For RAS Accounts, any 12b-1 fees charged on mutual funds in investment accounts through Royal Alliance/Pershing will be reimbursed and credited back to that same account. Please refer to the client's signed advisory agreement for additional information regarding any associated clearing charges or transaction fees.

QUARTERLY ADVISORY FEES (RAS Discretionary Accounts)

Portfolio Size	Quarterly Fee Rate (%)	Annual Advisory Fee Rate (%)
\$0 – \$250,000	0.3750%	1.50%
\$250,001 – \$500,000	0.3000%	1.20%
\$500,001 - \$1,000,000	0.2500%	1.00%
\$1,000,001 - \$1,500,000	0.2250%	0.90%
\$1,500,001 - \$2,000,000	0.2125%	0.85%
\$2,000,001 - \$2,500,000	0.1875%	0.75%
\$2,500,001 - \$5,000,000	0.1625%	0.65%
\$5,000,000 and Above	0.1250%	0.50%

Advisory Fees are paid in arrears on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Advisor may grandfather existing clients on prior fee schedules. The client's election of discretionary or non-discretionary management will be evidenced in the designated areas of the client's advisory agreement.

Non-Discretionary RAS Accounts

In an account with non-discretionary management, the Advisor will only purchase or sell securities that have been approved by clients in advance. The Advisor will recommend an initial asset allocation subject to the client's prior review and approval. The Advisor will also provide additional recommendations on an ongoing basis related to monitoring and rebalancing advisory services. Implementation of recommendations and rebalancing will only be done after receiving the client's approval. Clients should understand that the Advisor's lack of discretion related to their account(s), as compared with discretionary advisory accounts, may impact and/or delay the timing of implementation of any recommendations (i.e. "Timing Risk"). Delays affecting the timing of the implementation of recommendations may negatively impact investment results and client outcomes.

QUARTERLY ADVISORY FEES (RAS Non-Discretionary Accounts)

Portfolio Size	Quarterly Fee Rate (%)	Annual Advisory Fee Rate (%)
\$0 – \$250,000	0.4375%	1.75%
\$250,001 – \$500,000	0.3625%	1.45%
\$500,001 - \$1,000,000	0.3125%	1.25%
\$1,000,001 - \$1,500,000	0.2875%	1.15%
\$1,500,001 - \$2,000,000	0.2625%	1.05%
\$2,000,001 - \$2,500,000	0.2500%	1.00%
\$2,500,001 - \$5,000,000	0.2250%	0.90%
\$5,000,000 and Above	0.1875%	0.75%

Advisory Fees are paid in arrears on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Advisor may grandfather existing clients on prior fee schedules. The client's election of discretionary or non-discretionary management will be evidenced in the designated areas of the client's advisory agreement.

Advisor Managed Accounts (Investment-Only Service)

Advisor believes that decisions related to client portfolios should be based on a comprehensive financial plan. In certain circumstances, clients may request investment management services only, or they may be unable to provide necessary documentation for Advisor to complete a financial plan. Since Advisor does not charge a separate or additional fee for Phase Two financial planning services, existing and prospective clients will be billed according to the terms of the RAS Account asset-based Advisory Fee schedule. This is a discretionary portfolio management service. Advisory Fees are paid in arrears on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Advisor may grandfather existing clients on prior fee schedules. The client's election of discretionary or non-discretionary management will be evidenced in the designated areas of the client's advisory agreement.

QUARTERLY ADVISORY FEES (RAS Advisor Managed Accounts)

Portfolio Size	Quarterly Fee Rate (%)	Annual Advisory Fee Rate (%)
\$0 – \$250,000	0.3750%	1.50%
\$250,001 – \$500,000	0.3000%	1.20%
\$500,001 - \$1,000,000	0.2500%	1.00%
\$1,000,001 - \$1,500,000	0.2250%	0.90%
\$1,500,001 - \$2,000,000	0.2125%	0.85%
\$2,000,001 - \$2,500,000	0.1875%	0.75%
\$2,500,001 - \$5,000,000	0.1625%	0.65%
\$5,000,000 and Above	0.1250%	0.50%

Advisory Fees are paid in arrears on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Advisor may grandfather existing clients on prior fee schedules. The client's election of discretionary or non-discretionary management will be evidenced in the designated areas of the client's advisory agreement.

Alternative Fee Arrangements

Grandfathered Fiduciary Services Accounts (“Grandfathered Retail Accounts”)

Retail Accounts are offered only as a non-discretionary service. In a retail account with non-discretionary management, the Advisor will only purchase or sell securities that have been approved by clients in advance. The Advisor will recommend an initial asset allocation subject to the client’s prior review and approval. The Advisor will also provide additional recommendations on an ongoing basis related to monitoring and rebalancing advisory services. Implementation of recommendations and rebalancing will only be done after receiving the client’s approval. Clients should understand that the Advisor’s lack of discretion related to their account(s), as compared with discretionary advisory accounts, may impact and/or delay the timing of implementation of any recommendations (i.e. “Timing Risk”). Delays affecting the timing of the implementation of recommendations may impact investment results and client outcomes.

These Accounts are available for “grandfathered clients,” who had engaged the Advisor’s services prior to the availability of discretionary advisory accounts and clients who have elected the non-discretionary Retail Account designation in their advisory agreement. Accordingly, Retail Account clients are charged 1/3 of 1% of assets under management annually, and these fees will be paid on a quarterly basis. Retail Account fees are billed in arrears. The quarterly fee amount will be calculated using the client’s account value(s) as of the last business day of the previous calendar quarter and will be due on the first business day of each calendar quarter. The minimum fee for this service will be \$625.00 per quarter. It is important to understand that with these accounts, there is an inherent conflict of interest as the Advisor may have an incentive to recommend investment products based on compensation received.

Clients have the option to implement investment or insurance products recommended by KFI through other unaffiliated brokers or agents. Additionally, if compensation is derived from standard commissions on investment vehicles, the Advisor will refrain from billing asset-based fees for a period of one (1) year on the purchase price of that asset (i.e. amount invested). KFI and its investment adviser representatives can receive 12b-1 fees or other compensation to the extent permitted by applicable law for clients under this service. If a client chooses to dollar cost average from a lump sum, fees will be waived for one (1) year on the original lump sum as of the date of deposit. Advisor may choose to grandfather an existing client on prior fee schedules or charge based on an alternative flat fee or percentage of assets as agreed upon with a particular client.

Grandfathered Advisory Accounts

From time to time, existing Retail Account clients may prefer to receive discretionary advisory services with continuous and ongoing management. The Advisor may choose to offer such clients a new Advisory Agreement that offers these services. The annual fee charge for these accounts will be sixty-five basis points ("65bps" = 0.65 of 1%) for the ongoing financial planning and portfolio management services on assets under management held with Royal Alliance and custodied at Pershing. Grandfathered financial planning retainer with portfolio monitoring has a minimum charge of \$625.00 per quarter. Advisory Fees are paid in arrears on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Advisor may grandfather existing clients on prior fee schedules. The client's election of discretionary or non-discretionary management will be evidenced in the designated areas of the client's advisory agreement.

Retirement Plan Services

Advisor can and does recommend custodians for corporate retirement plans such as 401ks, and profit-sharing plans outside Royal Alliance/Pershing. Sponsors receiving Retirement Plan Services may pay more than or less than a client might otherwise pay if purchasing the services separately or through another service provider. The factors involved in determining the cost include the size of the plan, the specific investments made by the plan, the number of locations of plan participants. Fees for ongoing services related to monitoring of retirement plans are calculated as follows:

QUARTERLY ADVISORY FEES (Retirement Plan Services Accounts)

Portfolio Size	Quarterly Fees	Annual Advisory Fees
\$0 - \$2,000,000	0.1875%	0.75%
\$2,000,000 - \$4,000,000	0.1250%	0.50%
\$4,000,000 and Above	Negotiable	

Advisory Fees are paid in arrears on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. Fees for the first quarter may be prorated or waived altogether. Advisor may grandfather existing clients on prior fee schedules. The client's election of discretionary or non-discretionary management will be evidenced in the designated areas of the client's advisory agreement.

In determining the value of the account for purposes of calculating asset-based fees, KFI will rely upon the valuation of assets provided by Sponsor or the plan's custodian or recordkeeper without independent verification. However, if Advisor determines there to be circumstances which render the custodian's valuation inappropriate, KFI will value securities listed on any national securities exchange at the closing price in a manner determined in good-faith by KFI to reflect fair market value. Any such valuation will not be a guarantee of the market value of any of the assets included in the plan. Fees are charged in arrears on the first business day of each calendar quarter based on the value of the client's account on the last business day of the previous calendar quarter. All fees paid to KFI for Retirement Plan Services are separate and distinct from the fees and expenses charged by mutual funds, variable annuities, and exchange traded funds to their shareholders.

These fees and expenses are described in each investment's prospectus. These fees generally include a management fees, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may also pay initial or deferred sales charges. The Retirement Plan Services are intended to assist in determining which investments are most appropriate depending on clients' financial condition and objectives as well as providing other administrative assistance as requested by the client. Accordingly, clients should review both the fees charged by the funds, the fund manager, the plan's other service providers and the fees charged by KFI to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Plan Services that are offered.

Grandfathered Third Party Managed Accounts

QUARTERLY ADVISORY FEES (RTD/Schwab Accounts)

Portfolio Size	Quarterly Fee Rate (%)	Annual Advisory Fee Rate (%)
\$0 – \$250,000	0.3750%	1.50%
\$250,001 – \$500,000	0.3000%	1.20%
\$500,001 - \$1,000,000	0.2500%	1.00%
\$1,000,001 - \$1,500,000	0.2250%	0.90%
\$1,500,001 - \$2,000,000	0.2125%	0.85%
\$2,000,001 - \$2,500,000	0.1875%	0.75%
\$2,500,001 - \$5,000,000	0.1625%	0.65%
\$5,000,000 and Above	0.1250%	0.50%

New Retail Accounts and Outside Accounts

Fees for monitoring allocations of outside assets and integrating into the comprehensive plan will be based on a flat fee retainer. Fees may range from \$625.00 to \$8,000.00 on a quarterly basis, and will depend on the complexity of client's situation, number of outside accounts. Clients understand that the provision of updated statements on at least a quarterly basis is critical to keeping the financial plan current and relevant.

Additional Services

In the event that a client wishes to engage Advisor for the provision of additional services (including but not limited to settling estates, divorce settlements, consultations with trust attorneys, and ongoing financial planning for clients with investment-only advisor managed accounts), the Advisor may charge a fixed-fee retainer. A separate agreement outlining the terms and scope of the additional services to be provided will be signed by both Advisor and the client and the fee shall be estimated by the Advisor at the time of signing.

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

KFI does not charge or receive performance-based fees or fees based on a share of capital gains or the capital appreciation of clients' assets. KFI does not conduct side-by-side management situations where a combination of asset-based and performance-based fees are collected.

Item 7: Types of Clients

KFI offers financial planning and investment advisory services to a wide variety of clients including , but not limited to, individuals including those with high net worth and individuals considered "qualified clients" under Rule 205-3 of the Investment Advisers Act of 1940, or "qualified purchasers," pension and profit sharing plans (other than plan participants), trusts, estates, 401(k) sponsor plans and Individual Retirement Accounts (IRA, SEP, ROTH IRA), charitable organizations, corporations and other business entities, including sole proprietorships.

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

Methods of Analysis

Analysis of a Client's Financial Situation:

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, KFI relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, KFI may use back-tested historical data to develop various risk adjusted models appropriate for a variety of risk levels. From there, the client and the Advisor can agree on an appropriate risk tolerance and model allocation. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals.

Fundamental Analysis:

KFI seeks to identify investment opportunities through fundamental analysis, which is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors, for instance, the overall economy, industry conditions, and individually specific factors such as the financial condition and management of a company. The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (buying undervalued versus selling overvalued securities).

Fundamental analysis is considered to be the opposite of technical analysis. While most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security. The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the potential investment. It is possible for those market forces to point in different directions, thus necessitating an interpretation or judgement as to which of these forces will be dominant. Because historical performance is not indicative of future results, this subjective interpretation may be incorrect, which could therefore result in an unfavorable investment decision.

Investment Strategy

KFI's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. The approach of KFI's Investment Committee is firmly rooted in the belief that markets are efficient over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking.

The Investment Committee recommends implementing an asset allocation strategy using diversified portfolios. KFI selects or recommends portfolios of securities, principally broadly-traded open-end mutual funds, exchange-traded funds ("ETFs"), or conservative fixed-income securities to implement this investment strategy. Although all investments involve risk, KFI's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients. KFI's investment philosophy is designed for investors who desire a buy and hold strategy. This strategy seeks to minimize increased brokerage and other transaction costs that result from frequent trading of securities. Clients may also hold or retain other types of assets (including but not limited to Real Estate), and KFI may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

KFI's strategies do not typically utilize securities that we believe would be classified as having any unusual risks and we do not recommend frequent trading, which can increase brokerage and other costs and taxes. If a client has existing securities, the Advisor may recommend holding these securities for tax purposes or other reasons. The Advisor will attempt to implement existing holdings with diversified funds in similar or in other asset classes, but it should be understood that holding these securities may result in an asset allocation that is overweight in a particular asset class and underweight in other asset classes. Advisor will make recommendations over time to provide a more balanced approach in consideration of the client's tax situation, risk tolerance, and investment objectives.

Risk of Loss

Past performance is not indicative of future results. Therefore, clients should never assume that future performance of any specific investment or investment strategy will be profitable.

Investing in securities (including stocks, mutual funds, ETFs, bonds, etc.) involves risk of loss. Further, depending on the different types of investments there could be varying degrees of risk.

Clients should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, KFI is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

Currency Risk (Exchange Rate Risk): Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a lower rate of return (i.e., interest rate). While this primarily relates to fixed-income securities, it can also apply to dividends and realized capital gains on securities as well.

Equity (Stock) Market Risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If clients held common stock, or common stock equivalents, of any given issuer, they would generally be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Company Risk: When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk: When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

ETFs and Mutual Fund Risk: When investing in an ETF or mutual fund, clients will bear additional expenses based on their pro rata share of the ETF's or mutual fund's operating expenses, including the possible duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs. Further, ETFs may carry trading risk during periods of volatility or high volume.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is a high interest in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk: The possibility that shareholders will lose money when they invest in a company that has debt if the company's cash flow proves inadequate to meet its financial obligations. When a company uses debt financing, its creditors will be repaid before its shareholders if the company becomes insolvent. Financial risk also refers to the possibility of a corporation or government defaulting on its bonds, which would cause those bondholders to lose money.

Management Risk: A client's investment with KFI varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Margin Risk: If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in a client's account(s). The brokerage firm may issue a margin call and/or sell other assets in a client's account.

It is important that clients fully understand the risks involved in trading securities on margin, which are applicable to any margin account that they may maintain, including any margin account that may be established as part of the Asset Management Agreement established between clients and KFI and held by the account custodian or clearing firm.

Portfolio Pledging Risks: If clients are borrowing money that will have to be repaid to Lender; they will be charged an interest rate on the principal balance of the Line that is subject to change; Clients can lose more funds than are held in the Collateral Account(s) and will be liable for any deficiency; Lenders can force the sale or other liquidations of any securities or other investment property in the Collateral Account(s), they do not need to contact the clients first, and clients are not entitled to choose which securities in are liquidated or sold; Clients are only entitled to draw on the Line to the extent there is credit availability and provided that the client's Collateral Account(s) meet the Lenders' collateral maintenance requirements at the time the draw request is made.

There may be risks and benefits to clients in pledging certain types of investment assets to secure a Line. For example, deposit accounts, money funds, and similar investments ("cash equivalents") may produce less interest income or other yield than the interest rate you are paying on a client's Line.

Additional risks to be considered prior to investing include: the risk that expected future cash flows will not match those used in the analysis; the risk that future rates of return will fall short of the estimates used in the simulation or financial plan; the risk that inflation will exceed the estimates used in the simulation; for taxable clients, the risk that tax rates will be higher than was assumed in the analysis; the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity, and price volatility. These risks may be greater with investments in developing countries. More information about the risks of any particular market sector can be reviewed in representative prospectuses.

Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment. The mutual funds and ETFs utilized by KFI may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed-income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of KFI's business or the integrity of KFI's management.

Item 10: Other Financial Industry Activities and Affiliations

The Advisor is a Registered Representative of Royal Alliance Associates, Inc. (“Royal Alliance”) and provides brokerage services to clients in that capacity. Royal Alliance’s principal business is as a full-service general securities broker-dealer registered with the Securities Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), and various other regulatory bodies. Royal Alliance is also a Registered Investment Adviser and provides access to Third-Party Investment Advisory Services to clients through its own Investment Advisor Representatives. In that regard, the advisors may also be affiliated with Royal Alliance’s Investment Advisor for the provision of such Third-Party Advisory Services and products.

Associated persons of KFI are associated with Royal Alliance, as a Registered Representative. Royal Alliance is a diversified financial services company engaged in the sale of specialized investment products. Associated persons of the Advisor may recommend securities or specialized investment products. Associated persons of the Advisor may recommend securities or insurance products offered by Royal Alliance. In the event the client receives financial planning services from the Advisor, please note that financial plans are prepared and distributed solely by KFI; Royal Alliance does not review or supervise these financial plans, and makes no representations regarding the substance or accuracy of any financial plan.

If a client has a retail account and purchases these investment products through Advisor, associated person of the Advisor will receive the normal commissions. Advisor may also recommend insurance related products, and associated person(s) will receive compensation as an agent or broker of that insurance company. This presents a conflict of interest between the interests of the KFI and those of the firm’s advisory clients. When this occurs, the Advisor will disclose the existence and nature of the conflict and make clients aware that they have the option to purchase recommended investment products through other brokers or agents that are not affiliated with KFI.

From time to time, Advisor may utilize outside resources to input and process client data, including inputting and recommending asset allocation strategies. These resources may include, but are not limited to, RTD Financial Advisors, Inc. and its related companies in Philadelphia, Pennsylvania. RTD is an approved third-party money manager by Royal Alliance Associates, Inc. In this respect, Advisor will provide written disclosures (Form ADV, Part 2A Brochure) of that entity, RTD Financial Advisors, Inc. (SEC Number 801-19015). In addition, Advisor and its associated person may engage the professional services group from E-money Advisor in Radnor, PA to input client data.

KFI and its associated person(s) are licensed with many insurance companies. Commissions and overrides are paid by these companies for insurance placed through them. Clients are advised that there is a total freedom to choose any insurance company they may desire. Advisor reserves the right not to implement recommendations through clients' desired insurance company if the company does not meet Advisor's criteria for solvency and performance history.

In addition, Patricia C. Brennan is a member of the Financial Planning Association. R. Bradley Everett is a member of the CFA Institute.

Advisor does not have any relationship or arrangement that is material to its advisory business or to its clients as a result of any relationship with any pension consulting firm.

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

KFI has adopted a Code of Ethics (the “Code”) to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes the firm’s policies and procedures developed to protect the client interests in relation to the following topics:

- The duty at all times is to place the client interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics and to avoid any actual or potential conflict of interest or any abuse of an employee’s position of trust and responsibility;
- The principle that investment Advisor personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and the client's financial circumstances is confidential;
- The principle that independence in the investment decision-making process is paramount.

KFI will provide a copy of the Code to the client or any prospective client upon request.

It is rare that the Advisor or a related person will invest in the same individual securities that the Advisor recommends to clients. In the event that this was to happen, however, full disclosure would be made to such client at once. Advisor and its associates may also own mutual funds, ETFs, annuities, or other diversified investment products that it also recommends to its clients. It is further noted that Advisor is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, Advisor has adopted a policy statement outlining insider trading compliance by Advisor and its associates and other employees. This statement has been distributed to all associated persons and other employees of Advisor and has been signed and dated by each such person. A copy of such Advisor wide policy is left with such person and the original is maintained in a master file.

Further, Advisor has adopted a written supervisory procedures statement highlighting the steps that shall be taken to implement the Advisor wide policy. These materials are also distributed to all associated persons and other employees of Advisor, are signed, dated and filed with the insider trading compliance materials.

There are provisions adopted for (1) restricting access to files, (2) providing continuing education, (3) restricting and/or monitoring trading on those securities of which Advisor's employees may have non-public information, (4) requiring all of Advisor's employees to conduct their trading through a specified broker or reporting all transactions promptly to Advisor, and (5) monitoring the securities trading of the Advisor and its employees and associated persons.

Pursuant to IA-1092, the following statement is also made by Advisor: (1) Advisor and associated persons thereof are also associated with various insurance companies and agencies. (2) Clients are under no obligation to have Advisor or its associated persons implement any suggestions made in a written financial plan. (3) If asked to implement the suggestions of any written plan, Advisor intends to implement such financial planning, in whole or in part, through products offered by these companies. (4) To the extent Advisor or its associated persons do implement, they will be acting as agents for broker-dealer and/or the insurance company. (5) Although the Advisor's associates are registered representatives of Royal Alliance, these advisory services provided herein are basically beyond the scope of employment with the broker-dealer and these services are independent from such employment with the broker-dealer. (6) If insurance or securities products are acquired, commissions would be received by the associated persons of Advisor. (7) Clients shall have total freedom to execute securities and/or insurance transactions with any company of their choice.

Item 12: Brokerage Practices

Under the rules and regulations of the FINRA, Royal Alliance has obligations to maintain records and perform other functions regarding certain aspects of the investment Advisory activities of its registered representatives in relation to certain Advisory accounts for which its registered representatives provide investment advice. These obligations require Royal Alliance to coordinate with and have the cooperation of the account custodian.

In their separate capacity as Registered Representatives of Royal Alliance, associated persons are subject to certain FINRA supervisory obligations, which have caused Royal Alliance to select Pershing LLC ("Pershing"), a subsidiary of the Bank of New York/Mellon. Pershing is an approved third-party clearing broker-dealer, which will execute trades, settle securities transactions and custody clients' assets on behalf of KFI and its Advisory Representatives.

Factors considered in selecting Pershing include its existing broker-dealer clearing relationship with Royal Alliance, its extensive financial strength, reputation, reporting, and execution pricing and research. The commissions and/or transaction fees charged by Royal Alliance and Pershing may be higher or lower than those charged by other broker-dealer/custodians. Further, the fees charged by Royal Alliance and Pershing, or any other designated broker-dealer/custodian, are exclusive of, and in addition to, KFI's investment monitoring fees. In addition, the clients shall also incur charges imposed at the mutual fund level (e.g. management fees and other fund expenses).

In order to fulfill its obligation, Royal Alliance has established a list of custodian and brokerage advisers, which it has arranged to obtain the required cooperation, and which therefore may be utilized for custody of accounts directly advised either by registered representative of Royal Alliance who are investment Advisors or other investment Advisors that are affiliated with registered representatives of Royal Alliance.

In certain instances, Royal Alliance will collect, as paying agent for KFI, the Investment Advisory Fees remitted to Advisor by the account custodian, and Royal Alliance will retain a portion as a charge to the investment Advisor (not the client) for the function Royal Alliance is required to carry out by the FINRA. This fee will not increase execution or brokerage charges to the client or the fee the client has agreed to pay KFI pursuant to the client's Advisory Agreement.

A portion of the fee retained by Royal Alliance may be re-allowed to other registered representatives of Royal Alliance who, as registered representatives of Royal Alliance, are responsible for the supervision of other representatives and assist Royal Alliance with the functions described above.

KFI may enter into advisory agreements with other registered investment Advisors to offer their services. Fees for such services will be shared in accordance with the agreement executed by the Advisor with the other registered investment Advisor(s). Other Advisors (in addition to RTD) must be approved by Royal Alliance. Royal Alliance does allow the Advisor's related persons to hold accounts and place trades with other broker-dealers. However, all statements and account activity must be automatically mailed to Royal Alliance.

In their separate capacity as Registered Representatives of Royal Alliance, KFI and Royal Alliance are all subject to certain FINRA supervisory obligations that have caused Royal Alliance to select Schwab as an approved third-party clearing broker-dealer, which will execute trades, settle securities transactions and custody client's assets on behalf of KFI. Factors considered in selecting Schwab include its extensive financial strength, reputation, reporting, and execution pricing and research. Schwab and Royal Alliance also make available to KFI's clients a broad array of no-load, no transaction or low transaction cost mutual funds and exchange traded funds.

The factors that the Advisor considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation would be reputation in the industry, track record, service and accessibility, financial condition, training for its employees and staff and longevity in the industry.

Advisor does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions. When an Advisor uses client brokerage commissions to obtain research or other products or services, Advisor receives a benefit because we do not have to produce or pay for the research, products or services.

We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution. We do not use soft dollars in order to service our clients' accounts. Advisor does not direct brokerage. Directing brokerage may cost clients more money. Advisor may aggregate the purchase or sale of securities for various client accounts, should such a practice be indicated and appropriate.

Item 13: Review of Accounts

We recognize that the value of a Financial Plan resides in not just the plan itself, but monitoring progress toward a client's financial goals. Without this, a plan can become obsolete as changes in a client's financial situation, the economy, tax laws, and markets can have a significant impact on the success of the original plan. Compensation derived from a retainer is to provide this ongoing service to our clients.

Advisor emphasizes the importance of reviewing financial situations on a continuing basis. Since long term investments are generally only recommended, Advisor's review consists of keeping updated on the performance of the investments and the financial plan. Review of a client's plan and portfolio are recommended on an annual basis or when changes occur in client's financial situation. Financial Plans are monitored on an ongoing basis through a comprehensive on-line system. Clients have access to their financial plans and are given a personal website with user name and password. Clients are given a questionnaire to fill out, which is necessary to prepare the financial plan. When the plan is completed, it is important for clients to review data and assumptions for accuracy and to make sure they are comfortable with the assumptions made.

Clients are responsible for reviewing initial and ongoing reports for accuracy and notifying Advisor of errors or when changes occur, including but not limited to, changes in income, employment status or desired cash flow needs. They should also notify Advisor with any changes in their financial situation affecting their financial plan, risk tolerance, investment objective, assets, liabilities or net worth. The reviewer would be Patricia Clark Brennan CFP®, CFS, CEO, Eric Ryan Fuhrman CFP®, R. Bradley Everett, CFA, CFP®, or Samuel Baez, AAMS. Thomas Joseph Belisari CFP® maintains a separate office and prepares and reviews financial plans for his personal clients.

If the review includes a new financial planning document, the fee schedule would be in accordance to the fee schedule listed in this ADV. If, however, minor changes are recommended in investment allocations or insurance coverage, financial planner may choose not to charge a fee. Portfolio reviews for clients with RAS Accounts (i.e. clients receiving ongoing financial planning and portfolio management services and paying quarterly fees) are done on a quarterly basis, and statements are sent to clients.

Item 14: Client Referrals and Other Compensation

As a Registered Representative of Royal Alliance, the associated person may recommend to clients the purchase or sale of investment products in which KFI and Royal Alliance or a related entity, may have some financial interest including the receipt of compensation. Certain mutual funds (and/or their related persons) in which a client may invest make 12b-1 fee payments to broker-dealers. Such payments may be distributed pursuant to a 12b-1 distribution plan or pursuant to another arrangement as compensation for distribution or administrative services and may be paid out of the fund's assets. Royal Alliance and/or associates of KFI may receive such 12b-1 fees or other compensation to the extent permitted by applicable law.

A fund that imposes a front end sales load, but which waives that front-end sales load for purchases made on behalf the client's account (a "front-end load" fund at net asset value) may bear 12b-1 distribution or service fees in excess of twenty-five basis points (0.25%) of the account's net assets invested in such fund (the minimum allowed for no-load funds). The 12b-1 fee deferred sales charges and other fee arrangements will be disclosed upon request of the clients and are typically described in the applicable fund's prospectus. Because of these compensation arrangements, a conflict of interest may exist in connection with the recommendation of particular mutual fund investments for a client's account. Certain investment advisors may also execute transactions through Royal Alliance. SunAmerica Trust Company, an affiliate of Royal Alliance, or another affiliate of SunAmerica may act as custodian and receive compensation in connection with certain third party advisory programs.

At times, KFI may be reimbursed or supported by mutual fund companies, product sponsors and other unaffiliated third parties for Client events and seminars. The support received may pose a potential conflict of interest between KFI and its Clients, as the reimbursements could have an incentive favoring certain products and providers. To help mitigate this conflict, KFI makes investment decisions independent of any marketing support.

Item 15: Custody

Clients will sign Financial Planning and Asset Monitoring Agreement authorizing KFI to deduct the quarterly advisory fees from their Royal Alliance account. A statement from Royal Alliance will be sent to client, on a quarterly basis, disclosing the fee deduction. Please review these statements carefully. Advisor follows all the rules and safe harbors and administrative relief available to it so that the fee deduction does not rise to the level of “custody”.

Standing Letters of Authorization:

Advisor does maintain a standing letter of authorization (“SLOA”) where the funds or securities are being sent to a third party, and the following conditions are met:

- 1) The client provides an instruction to the qualified custodian, in writing that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- 2) The client authorizes Advisor, in writing either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- 3) The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization and provides a transfer of funds notice to the client promptly after each transfer.
- 4) The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- 5) Advisor has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- 6) The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- 7) Advisor maintains records showing that the third party is not a related party of Advisor or located at the same address as Advisor.

Item 16: Investment Discretion

The Advisor has been granted limited discretionary authority by certain advisory clients pursuant to the client's designation in the Advisory Agreement. As a result of this designation, the Advisor may determine, without first obtaining specific client consent, the securities to be bought or sold and/or the amount of securities to be bought or sold. The authority is limited to securities bought or sold, the amounts of securities bought or sold, and the timing of when they are bought or sold. This discretionary authority does not extend to the withdrawal or transfer of clients account or funds.

Item 17: Voting Client Securities

The Advisor does not vote proxy statements on behalf of Advisory clients. Clients receive their proxies or other solicitations from the Custodian or Transfer Agent. Clients may contact us by e-mail, telephone, fax or letter.

Item 18: Financial Information

No financial reporting required as the Advisor does not require fees more than six months in advance.