

# Finance Friends

## Part 2A Form ADV

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Part 2A of Form ADV provides information about the business practices of Finance Friends. If you have any questions about the contents of this brochure, please contact us at +1(424)-262-8340 or [info@financefriends.org](mailto:info@financefriends.org).

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.

## Item 2: Material Changes

In February of 2022 Finance Friends changed its legal status from LLC to C Corporation.

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## Item 4: Advisory Business

In March of 2021, Finance Friends applied to be registered with the U.S. Securities and Exchange Commission as a registered investment advisor.

Finance Friends created and provides an interactive website to individuals and high net worth individuals (“user”) whose primary function is to advise the user in the selection of an investment advisor firm or representative (“RIA”).

Finance Friends processes RIA Form ADV data and makes it available on an interactive website. Finance Friends utilizes statistical methods to visually represent the Form ADV information made available by the SEC. When ranking and recommending RIAs, Finance Friends uses a combination of statistical scoring, user input, and our proprietary algorithm to rank the RIA matches. The algorithm is an automated representation of our RIA evaluation system and asymmetrical weighting of Form ADV data.

Any information collected or recommendations made to the user is performed through the interactive website. Finance Friends personnel will not elaborate or expand upon the investment advice provided by its interactive website, or otherwise provide investment advice to its clients, except as permitted by the de minimis exception. Additionally, Finance Friends does not enable personnel to ask follow-up or clarifying questions about the user’s input, address inconsistencies in the user’s input, provide assistance when filling out the questionnaire, or explain important concepts; the online disclosures and interactive website are designed to assist in these functions (more in Item 11). Any non-website communication is restricted to administrative or technical purposes.

All SEC and state registered investment adviser firms, whom the SEC has made available via Form ADV filings, are included as possible recommendations for the user. The recommendations are presented to the user through a combination of user input and algorithmic processing - a questionnaire.

After completing the questionnaire, the user is presented a ranked list of recommendations. The number of items included in the list depends entirely on the user’s input and subsequent algorithmic processing. Additionally, the algorithm has the capacity to recommend no matches if the user’s input is inconsistent or overly restrictive. In the event of a no-match, the interactive website will prompt adjustment of the user’s input.

After receiving the recommendation list, the user is presented the option to inquire further into each of the recommendations. Whether or not the RIA has an established agreement with Finance Friends plays no part in the ranking or recommending of RIAs.

If a user inquires about an unsigned RIA, Finance Friends will attempt to verify the identity and contact information of the RIA prior to the continuation of the referral process; additionally, the RIA must agree to the Finance Friends Fee Arrangement and Terms and Conditions to be onboarded. The process of onboarding RIAs is entirely administrative, no advisor will be denied the opportunity to join the Finance Friends platform for reasons other than refusing the Finance Friends Fee Arrangement/Term and Conditions, or failing to confirm identity.

In the situation where the inquired about RIA fails to complete the onboarding process, the user who inquired about the RIA will be made known of the RIA's refusal to complete the process and be presented the with option to either continue pursuing the RIA independently of the Finance Friends platform or to inquire about other advisor(s) from the recommendation list. The website's recommendation is not adjusted, amended, or otherwise altered unless done so by the user through the interactive website - re-submitting the questionnaire.

In accordance with the record keeping requirements, Finance Friends employs a digital user classification system that tracks which of the users are provided advice exclusively through the interactive website and which are not. The number of users to receive advice not through the interactive website will be fewer than 15 clients in the preceding 12 months according to the de minimis exception.

Finance Friends' services are primarily to advise about the selection of other RIAs through an interactive website. Finance Friends does not manage any assets. As of March 2022, Finance Friends manages \$0 on behalf of any clients.

## Item 5: Fees and Compensation

For services provided to RIAs, Finance Friends receives fees from the RIAs to whom the user was referred based on interaction with the Finance Friends website. Both users and RIAs must agree to the Finance Friends Terms and Conditions prior to engaging the respective party.

Once the RIA has received signed confirmation of the users receiving the RIA's Form ADV 2A (brochure) and the Finance Friends' solicitor's disclosure document, and the user has become a client of the RIA; Finance Friends receives a portion of the ongoing management fee. The fees are based on the user's reported assets at the time of becoming a client or at mutually agreed-upon intervals.

Finance Friends does not charge any fees of any kind to non-advisor users of the platform. That being said, the contracted advisors might directly or indirectly pass the Finance Friends' fee onto the non-advisor user.

To mitigate the potential conflict of interest in referring users to advisors who pay higher fees, the referral fee schedules are not known by the algorithm when determining the order by which to present the list of matches. Nor is the in-house development team ever aware of the RIA fee schedules to avoid

conscious or unconscious conflicts of interest. Additionally, Finance Friends has implemented a long-term, relationship-focused, evaluation system that prioritizes the contentment of the user over fees paid to Finance Friends. Finance Friends internally rewards the long-term successful referral of users.

## Item 6: Performance-Based Fees and Side-by-Side Management

Finance Friends does not charge any performance fees.

## Item 7: Types of Clients

Finance Friends primarily provides investment advisory services to individuals and high net worth individuals. The platform has no minimum net worth requirements.

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

Finance Friends does not handle, invest, advise, or have custody of any user assets. Finance Friends created and provides an interactive, user-driven database search and a questionnaire that ranks potential RIA matches based on the user's input and algorithmic processing. The user then requests to be connected with any number of the recommended RIAs. Finance Friends verifies the identity of RIAs that seek to join the Finance Friends' referral program. To be accepted into Finance Friends' referral program, RIAs must agree to the Finance Friends' Terms and Conditions which includes the fee arrangement. Finance Friends verifies the identity of all RIAs on the platform with independent email verification and documentary evidence of their identity. RIAs must complete this process prior to being connected with any user.

Users visiting [financefriends.org](http://financefriends.org), [financeadvisormatch.com](http://financeadvisormatch.com), or [investmentadvisermatch.com](http://investmentadvisermatch.com) will be offered access to the interactive website where the user will see a list of RIAs based on the user-selected filtering options and algorithmic ranking. After identity verification and upon user request, Finance Friends will connect the user to one or more of the RIAs selected.

At the time the user inquires into a recommendation, Finance Friends will provide access to the RIA's Form ADV 2A and the Finance Friends' solicitor's disclosure document. The solicitor disclosure document includes the name of the RIA; the nature of the relationship, including any affiliation, between Finance Friends and the RIA; a statement that Finance Friends will be compensated for the solicitation services; and the terms of Finance Friends solicitor's compensation arrangement, including a description of the compensation paid or to be paid to Finance Friends.

Users are encouraged to read all provided documents.

Prior to the user entering an agreement with the RIA, Finance Friends will provide the RIA with the user's signed and dated acknowledgment of receipt of the RIA Form ADV Part 2A and the Finance Friends' solicitor's disclosure document.

Past performance of any RIA is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each user should understand and be willing to bear. Users are reminded to discuss these risks with the selected RIA if an RIA is selected. Users should fully understand the risks of investing with any RIA.

## Item 9 Disciplinary Information

Finance Friends and its employees have not been involved in any legal or disciplinary events in the past.

## Item 10 Other Financial Industry Activities and Affiliations

Finance Friends and its employees do not have any relationships or arrangements with other financial services companies that pose conflicts of interest.

## Item 11 Code of Ethics, Participation or Interest in Client

Finance Friends has developed and enacted a code of ethics that includes policies and procedures that must be signed and followed by all owners and employees. The code of ethics ensures the following:

Finance Friends takes great care into making a full and fair disclosure of all material facts and avoiding the potential for users to be materially misled or misinformed about our business model and conflicts of interest. This is accomplished through policies adopted, implemented, and annually updated by our Chief Compliance Officer. The disclosure document and related information to be communicated to users is made available via an emphasized 'slideshow container' (similar to a pop-up box) shown prior to signup, the website's Frequently Asked Questions section, the website's footer, and upon user request. The disclosures adhere to the 'plain english' stipulations recommended by the SEC and are ensured to be available on both desktop and mobile versions of the website.

The disclosures themselves provide explanation of the business model, fee structure, information collection and usage policies, 3rd party affiliations, algorithm usage, algorithm functions, algorithm testing and post-implementation monitoring procedures, algorithm risks, assumptions and limitations of using an algorithm, algorithm override procedures, degree of human oversight, user information amending procedures, social media usage, protection of key advisory systems, and cybersecurity threat detection, prevention, and response.

In regards to the user data collection process, Finance Friends makes a reasonable inquiry into the user's financial situation and objectives via the website's questionnaire. Furthermore the interactive website

processes this user input in determination of the suitability of the rankings of the RIAs. To elicit sufficient information from the user and provide necessary clarification, Finance Friends uses 'plain english' in the wording of the questions, provides the opportunity to give additional information or context, collects and incorporates user feedback through the interactive website, provides design features which give additional information about the questions, and incorporates automatic system alerts if the user submits inconsistent information.

The Finance Friends' disclosure is careful not to overstate the extent of the services provided or the extent to which the user information is used.

A copy of Finance Friends' code of ethics is available on [www.financefriends.org](http://www.financefriends.org) or by email request to [info@financefriends.org](mailto:info@financefriends.org).

## Item 12 Brokerage Practices

Finance Friends does not select or recommend broker-dealers or custodians. The RIAs may recommend broker-dealers.

## Item 13 Review of Accounts

Finance Friends does not manage any assets.

## Item 14 Client Referrals and Other Compensation

Finance Friends is compensated by the RIAs as discussed in Item 5. Each RIA enters into Finance Friends' Terms and Conditions agreement outlining compensation to be paid to Finance Friends for the referrals to the RIAs.

## Item 15 Custody

Finance Friends does not maintain any user accounts.

## Item 16 Investment Discretion

Finance Friends does not maintain any user accounts

## Item 17 Voting Client Securities

Finance Friends does not maintain any user accounts



## Item 18 Financial Information

Finance Friends has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to meet its obligations. Finance Friends is not required to deliver a balance sheet as the advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.