

Client Relationship Summary (Form CRS)

As of 03/28/2024

Item 1 - Introduction

Financial Alternatives, Inc. is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Brokerage and investment advisory services and fees differ and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

Item 2 – Relationships and Services

What investment services and advice can you provide me?

We offer investment advisory services to retail investors on a *fee-only* basis. We also offer financial planning, advice, and consulting. We advise and manage a variety of investment types and products, and we have no proprietary products to sell.

After you engage our services, we assess your needs and circumstances and typically manage your accounts on a discretionary basis – which means we do not need to contact you for approval for buying or selling in your accounts. Therefore, it is critical that you promptly notify us if there is any change in your financial situation or investment objectives.

We have a limited number of non-discretionary accounts where trades are subject to preapproval. Since you ultimately decide on the management in this case, trades may occur separately from discretionary accounts; thus, execution and performance may be effected.

We review supervised accounts on an ongoing basis using various tools and practices and allow you to impose reasonable restrictions on our services. In some cases, we require a minimum annual fee.

For additional information, please refer to [adviserinfo.sec.gov](https://www.adviserinfo.sec.gov) or [financialalternatives.com](https://www.financialalternatives.com) for our Form ADV Part 2A (Items 4, 7, and 13).

Questions to Ask (Conversation Starters)

- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

Item 3 – Fees, Costs, Conflicts, and Standard of Conduct

What fees will I pay?

If we provide you discretionary investment advisory services, we may use a fixed fee, a fee that is based upon a percentage of the market value of assets under management (“AUM”), or a combination of these. Fees based solely on AUM typically range from 0.50% to 1.00% on a flat or tiered rate schedule. Fees are prorated and paid quarterly, in advance, based upon the market value of the AUM on the last business day of the previous quarter.

Our fees vary based on qualitative and quantitative factors, may include hourly charges, and are negotiable in some cases. Client accounts may be subject to a minimum annual fee. If we provide you financial planning, advice, or consulting, a separate stand-alone fee may be charged.

You may be assessed charges in addition to our fees such as: custodian/broker-dealer account maintenance and transfer fees, transaction-related fees for purchases or sales, and mutual fund expenses.

Because our AUM fee is based on the amount of your assets under our management, the more assets you entrust us to manage, the more you will pay us for our services. Therefore, we have an incentive to encourage you to increase the amount of assets that you entrust to us. Potential conflicts of interest arise depending on how advisory fees are assessed, please refer to the examples in the section below and in more detail in our Form ADV Part 2A (Item 5) available at [adviserinfo.sec.gov](https://www.adviserinfo.sec.gov) or [financialalternatives.com](https://www.financialalternatives.com).

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Questions to Ask (Conversation Starters)

- Help me understand how these fees and costs might affect my investments.
- If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

If our fees are based on a percentage of assets under management (“AUM”), any advice or activity that increases AUM will increase the fee, and the opposite will decrease the fee. If our fees are based on billable time at an hourly rate, any advice or activity that requires more billable time and/or a higher hourly rate will increase the fee, and the opposite will decrease the fee. If we assess fees based on a fixed or flat amount, any advice or activity that overestimates the fee, relative to the service provided, will improve the economics of the fee, and the opposite will worsen the economics of the fee. Thus, we have an incentive to increase your assets under management, increase billable time and/or rates, and overestimate fixed or flat fees relative to the service provided, depending on the billing method we use; however, we still must act in your best interest.

For additional information, please refer to adviserinfo.sec.gov or financialalternatives.com for our Form ADV Part 2A (Items 5 and 11).

Questions to Ask (Conversation Starters)

- How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Our financial professionals are employees of the firm and are paid a fixed salary. Employees may also receive bonuses at management’s discretion and/or based on specific performance such as individual contribution, overall firm revenue, or client retention. None of our employees receive compensation for the sale of securities or other investment products to our clients.

Item 4 – Disciplinary History

Do you or your financial professionals have legal or disciplinary history?

No, our firm and our financial professionals do not have any legal or disciplinary history. Please go to Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

Questions to Ask (Conversation Starters)

- As a financial professional, do you have any disciplinary history? For what type of conduct?

Item 5 - Additional Information

Please contact us at (858)459-8289 for up-to-date information about our firm’s services, or to request a copy of this Form CRS and other disclosures. You may also refer to our Form ADV online at adviserinfo.sec.gov or financialalternatives.com.

Questions to Ask (Conversation Starters)

- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?



**Form ADV Part 2A
Brochure
Financial Alternatives, Inc.**

7825 Fay Avenue, Suite 210
La Jolla, CA 92037
financialalternatives.com

March 28, 2024

This Brochure provides information about the qualifications and business practices of Financial Alternatives, Inc. (the "Registrant"). If you have any questions about the contents of this brochure, please contact James A. Freeman, Chief Compliance Officer at (858) 459-8289 ext. 302 or jim@financialalternatives.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 Financial Alternatives, Inc. (CRD# 108245 / SEC# 801-57864) is also available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Financial Alternatives, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 | Material Changes

Since the last Form ADV Part 2A update filing dated *August 24, 2023*, no material changes have been made.

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Item 4 | Advisory Business

- A. *Firm Description.* Financial Alternatives, Inc. (the “Registrant”) is a corporation formed on January 16, 2001 in the State of California. The Registrant became registered as an Investment Adviser Firm in August 1991. The Registrant is owned by shareholders: James A. Freeman, Chief Compliance Officer/President; Christopher E. Jaccard, Chief Operating Officer; Ellen Li, Lead Advisor, and Andrew Hoffarth, Lead Advisor.
- B. *Description of Services Offered.* As described below, the Registrant offers to its clients (individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested and agreed, wealth advisory services, which may include financial advice, financial planning, and/or related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis. This involves the management and/or oversight of assets in potentially a variety of account types (e.g. taxable, tax-deferred, tax-free) on an ongoing basis. Before engaging Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. To commence the investment advisory process, Registrant will ascertain each client’s investment objective(s) and then allocate the client’s assets consistent with the client’s designated investment objective(s). Once allocated, Registrant provides ongoing supervision of the account(s).

Registrant’s annual investment advisory fee shall generally (exceptions can occur-**see below**) include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Registrant), Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

Registrant typically designs and supervises diversified portfolios made up of a variety of asset classes including US and International equities (stocks), real estate investment trusts (REITs), and fixed income (bonds).

WEALTH ADVISORY SERVICES (STAND-ALONE)

The Registrant *may* determine to provide wealth advisory services, which may include financial advice, financial planning, late-stage college funding, and/or other consulting services (including investment and non-investment related matters, including estate planning, retirement planning, etc.) on a stand-alone separate fee basis, to the extent specifically requested by a client and agreed. These services may vary widely in scope, depth, and impact.

Prior to engaging the Registrant to provide wealth advisory services (stand-alone), clients are generally required to enter into a *Wealth Advisory and Consulting Agreement (formerly Financial Planning and Consulting Agreement)* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services

to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

In cases where the Registrant has succeeded or acquired only the assets of another registered investment advisor (“predecessor”), Registrant may assist in or provide continued services and/or assess agreed upon fees during a transition period depending on the client agreement and other facts and circumstances. Agreements between the client and the predecessor may allow for assignment to the successor by positive or negative consent of the client. The fees and services by the predecessor may vary substantially from those typically provided by the Registrant.

Depending on the needs and circumstances of a client, the registrant may recommend the portfolio management services of an unaffiliated Third Party Asset Manager (“TPAM”). Generally, the client will enter into a separate agreement which describes the services, affected accounts, and fees of the TPAM. Any fees related to such services are separate and in addition to those of the Registrant. There may be circumstances where the TPAM arrangement is maintained, transitioned, or replaced with services provided by another TPAM or the Registrant.

If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested and agreed, the Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, retirement, etc. Neither the Registrant, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of the Registrant’s services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion and responsibility over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. The client is further responsible for the monitoring and updating (to the Registrant) of all relevant aspects of non-investment implementation (e.g. from decisions to outcomes). **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.

Private Investment Funds. Registrant may provide investment advice regarding private investment funds. The Registrant’s role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the

fund(s) shall be included as part of “assets under management” for purposes of Registrant calculating its investment advisory fee. Registrant’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. **Please Also Note:** As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor’s fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, Registrant shall calculate its fee based upon the latest value provided by the fund sponsor.

Account/Asset Valuation. In the event that the Registrant references other funds or accounts with limited data access or valuation information that are owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all such other funds or accounts shall reflect either the initial purchase and/or the most recent valuation provided by the issuer/manager, program sponsor, and/or data provider. A generally accepted or prudent valuation method may be adopted in lieu of these if deemed more accurate. The current value(s) - to the extent ascertainable - could be ***significantly more or less*** than the original purchase price or most recent valuation.

Retirement Plans and IRAs. If Client is: (1) a participant or beneficiary of a Retirement Plan subject to Title I of the Employee Retirement Income Security Act (“ERISA”) or described in section 4975(e)(1)(A) of the Internal Revenue Code (the “Code”), with authority to direct the investment of assets in his or her Plan account or to take a distribution; (2) the beneficial owner of an Individual Retirement Account (“IRA”) acting on behalf of the IRA; or, (3) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Code, then the Registrant represents that it and its investment adviser representatives are fiduciaries under ERISA or the Code, or both, with respect to any investment advice provided by the Registrant or its investment adviser representatives or with respect to any investment recommendations regarding a Retirement Plan subject to ERISA or participant or beneficiary account.

Retirement Rollovers-Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in

adverse tax consequences). Whether Registrant provides a recommendation as to whether a client should engage in a rollover or not, Registrant is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. If Registrant recommends that a client roll over their unmanaged retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn new (or increase its current) compensation as a result of the rollover. No client is under any obligation to roll over plan assets to an account managed by Registrant or to engage Registrant to monitor and/or manage the account while maintained at the client's employer.

Fiduciary Status: Per the DOL: "When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours." Accordingly, relative to retirement accounts, "we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest."

Use of Mutual and Exchange Traded Funds. Registrant utilizes mutual funds and exchange traded funds for its client portfolios. In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Interval Funds/Risks and Limitations. Where appropriate, Registrant may utilize interval funds. An interval fund is a non-traditional type of closed-end mutual fund that periodically offers to buy back a percentage of outstanding shares from shareholders. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired. There can also be situations where an interval fund has a limited amount of capacity to repurchase shares, and may not be able to fulfill all purchase orders. In addition, the eventual sale price for the interval fund could be less than the interval fund value on the date that the sale was requested. While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. As interval funds can expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Thus, there is no secondary market for the fund's shares. Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment. There can be **no assurance** that an interval fund investment will prove profitable or successful.

In light of these enhanced risks, a client may direct Registrant, in writing, not to employ any or all such strategies for the client's account.

Socially Responsible Investing Limitations. *Socially Responsible Investing* involves the incorporation of **Environmental, Social and Governance** considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Registrant), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful.

Cryptocurrency: For clients who want exposure to cryptocurrencies, including Bitcoin, the Registrant, will advise the client to consider a potential investment in corresponding exchange traded securities, or an allocation to separate account managers and/or private funds that provide cryptocurrency exposure. Crypto is a digital currency that can be used to buy goods and services, but uses an online ledger with strong cryptography (i.e., a method of protecting information and communications through the use of codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated and their price is determined by the supply and demand of their market. Because cryptocurrency is currently considered to be a speculative investment, the Registrant will not exercise discretionary authority to purchase a cryptocurrency investment for client accounts. Rather, a client must expressly authorize the purchase of the cryptocurrency investment. **Please Note:** The Registrant **does not** recommend or advocate the purchase of, or investment in, cryptocurrencies. The Registrant considers such an investment to be **speculative**. **Please Also Note:** Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for **liquidity constraints, extreme price volatility and complete loss of principal.**

Independent Managers. The Registrant may allocate a portion of the client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors that Registrant shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. **Please Note.** The investment management fee charged by the Independent Manager[s] is separate from, and in addition to, Registrant's investment advisory fee disclosed at Item 5 below. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, James A. Freeman, remains available to address any questions that a client or prospective client may have regarding the allocation of account assets to an Independent Manager(s), including the specific additional fee to be charged by such Independent Manager(s).

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in

his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Online Platforms. Registrant can also provide, for a separate fee (see Item 5 below), account reporting services hosted by eMoney Advisor (or other online platforms), which can incorporate client investment assets that are not part of the assets that Registrant manages (the "Excluded Assets"). Platforms like these may provide the ability to aggregate data such as assets, liabilities, transactions, performance, and other information from disparate sources that may not be complete or accurate. Unless agreed to otherwise, in writing, **the client and/or his/her/its other advisors that maintain trading authority, and not Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets.** Unless also agreed to otherwise, in writing, Registrant does not provide investment management, monitoring or implementation services for the Excluded Assets. The client can engage Registrant to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the *Investment Advisory Agreement* between Registrant and the client.

Unmanaged Accounts. Registrant may, as courtesy accommodation or for a separate fee (see Item 5 below), include unmanaged accounts in its performance reporting. These assets are also not part of the assets that Registrant manages (the "Excluded Assets"). These accounts will be differentiated from managed accounts on reports with clear notation or labeling. The data sources for these accounts may not offer reliable information on items such as assets, liabilities, transactions, performance, so it is the client's responsibility to verify the accuracy and completeness of information on reports, and promptly notify Registrant if any changes need to be made. Unless agreed to otherwise, in writing, **the client and/or his/her/its other advisors that maintain trading authority, and not Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets.** Unless also agreed to otherwise, in writing, Registrant does not provide investment management, monitoring or implementation services for the Excluded Assets. The client can engage Registrant to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the *Investment Advisory Agreement* between Registrant and the client.

Borrowing Against Assets/Risks. A client who has a need to borrow money could determine to do so by using:

- **Margin-**The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral or
- **Pledged Assets Loan-** In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral.

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e. custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, Registrant does not recommend such borrowing unless it is for specific short-term purposes (i.e. a bridge loan to purchase a new residence). Registrant does not recommend such borrowing for investment purposes (i.e. to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to Registrant:

- by taking the loan rather than liquidating assets in the client's account, Registrant continues to earn a fee on such Account assets;
- if the client invests any portion of the loan proceeds in an account to be managed by Registrant, Registrant will receive an advisory fee on the invested amount; and
- if Registrant's advisory fee is based upon the higher margined account value (**see** margin disclosure at Item 5 below), Registrant will earn a correspondingly higher advisory fee. This could provide Registrant with a disincentive to encourage the client to discontinue the use of margin.

Please Note: The client must accept the above risks and potential corresponding consequences associated with the use of margin or pledged assets loans.

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant reviews portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

Fee Differences. Registrant shall generally price its advisory services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the type, amount and market value of their assets, the anticipated complexity of the engagement, the anticipated level and scope of the overall investment advisory services to be rendered, and negotiations. Additional factors affecting pricing can include related accounts, employee accounts, competition, and negotiations. As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, James A. Freeman, remains available to address any questions regarding advisory fees.

Security and Privacy. To provide client services, registrant and select third-party service providers utilize equipment, technology, and systems that are at risk of unauthorized or improper data access and exfiltration of client nonpublic information, data destruction, or other exploitation or compromise. The registrant and other service providers employ various measures to prevent such incidents, but there is no guarantee that a loss or disruption could be prevented. A physical or cyber incident may subject the registrant, clients, broker-dealers/custodians, market participants, and other service providers to asset loss, reputational damage, response costs, recovery costs, and other direct or indirect costs.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV and Form CRS (Client Relationship Summary) shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Wealth Advisory and Consulting Agreement (formerly Financial Planning and Consulting Agreement)*. Any client who has not received a copy of Registrant's written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement or Wealth Advisory and Consulting Agreement (formerly Financial Planning and Consulting Agreement)* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

- C. *Specificity of Services.* The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment

adviser representative will establish each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services. It is critical that clients promptly notify the Registrant if there is any change in their financial situation or investment objective(s).

- D. *Wrap-Fee Programs*. The Registrant does not participate in a wrap fee program.
- E. *Assets Under Management*. As of *January 31, 2024*, the Registrant had *\$507,074,427* in assets under management (*\$503,850,004* on a discretionary basis; and *\$3,224,423* on a non-discretionary basis).

Item 5 | Fees and Compensation

- A. *Compensation for Advisory Services*. The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis.

INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis, a fixed fee, a fee that is based upon a percentage of the market value of assets under management ("AUM"), or a combination of these. Fees based solely on AUM typically range from 0.50% to 1.00% on a flat or tiered rate schedule, but may be higher or lower in some cases. Client accounts may be subject to a minimum annual fee. Fees and minimums may be subject to negotiation or exceptions in some cases.

Registrant shall generally price its advisory services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the type, amount and market value of their assets, the anticipated complexity of the engagement, the anticipated level and scope of the overall investment advisory services to be rendered, and negotiations. Additional factors affecting pricing can include related accounts, employee accounts, competition, and negotiations. As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Registrant's annual investment advisory fee shall include investment advisory services, and, **to the extent specifically requested and agreed**, wealth advisory services, which may include financial advice, financial planning, and/or consulting services. These services may vary widely in scope, depth, and impact. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

WEALTH ADVISORY SERVICES (STAND-ALONE)

The Registrant *may* determine to provide wealth advisory services, which may include financial advice, financial planning, late stage college funding, and/or other consulting services (including investment and non-investment related matters, including estate planning, retirement planning, etc.) on a stand-alone separate fee basis, **to the extent**

specifically requested by a client and agreed. These services may vary widely in scope, depth, and impact.

Wealth advisory and/or consulting engagements often begin with a written financial assessment process, the fee for which is generally \$500. Typically, the late-stage college funding service is provided on a project basis, with flat fees that often range from \$3,500 to \$7,500, but may be more or less in some cases. Registrant's wealth advisory and consulting fees are negotiable, but generally are assessed at a \$300 hourly rate or flat fee basis, depending upon the complexity, level, and scope of the service(s) required and the professional(s) rendering the service(s).

In cases where the Registrant has succeeded or acquired only the assets of another registered investment advisor ("predecessor"), Registrant may assist in or provide continued services and/or assess agreed upon fees during a transition period depending on the client agreement and other facts and circumstances. Agreements between the client and the predecessor may allow for assignment to the successor by positive or negative consent of the client. The fees and services by the predecessor may vary substantially from those typically provided by the Registrant.

Depending on the needs and circumstances of a client, the registrant may recommend the portfolio management services of an unaffiliated Third Party Asset Manager ("TPAM"). Generally, the client will enter into a separate agreement which describes the services, affected accounts, and fees of the TPAM. Any fees related to such services are separate and in addition to those of the Registrant. There may be circumstances where the TPAM arrangement is maintained, transitioned, or replaced with services provided by another TPAM or the Registrant.

Potential conflicts of interest arise depending on how advisory fees are assessed. If fees are based on a percentage of assets under management, any advice or activity that increases assets under management will increase the fee, and the opposite will decrease the fee. If fees are based on time charged at an hourly rate, any advice or activity that requires more billable time and/or a higher hourly rate will increase the fee, and the opposite will decrease the fee. If the fee is based on a fixed or flat amount, any advice or activity that overestimates or increases the fee, relative to the service provided, will improve the economics of the fee for the Registrant, and the opposite will worsen the economics of the fee. Additionally, certain clients may be subject to a legacy fee schedule and may therefore receive different services under different fee schedules than as set forth above. These legacy clients have been or will be offered the ability to engage Registrant under its current fee schedules if it is more advantageous to such clients.

Margin Accounts: Risks/Conflict of Interest. Registrant **does not** recommend the use of margin for investment purposes. A *margin account* is a brokerage *account* that allows investors to borrow money to buy securities and/or for other non-investment borrowing purposes. The broker/custodian charges the investor interest for the right to borrow money and uses the securities as collateral. By using borrowed funds, the customer is employing leverage that will magnify both account gains and losses. Should a client determine to use margin, Registrant will include the entire market value of the margined assets when computing its advisory fee. Accordingly, Registrant's fee shall be based upon a higher margined account value, resulting in Registrant earning a correspondingly higher advisory fee. As a result, the potential of conflict of interest arises since Registrant may have an economic disincentive to recommend that the client terminate the use of margin. **Please Note:** The use of margin can cause significant adverse financial consequences in the event of a market correction. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, James A. Freeman, remains available to address any questions that a client or prospective client may have regarding the use of margin.

Cash and Equivalents. Registrant continues to treat cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, James A. Freeman, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.

- B. *Billing Method.* Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly, in advance, in equal installments rather than the specific number of days in the period, unless an exception is detailed in the *Investment Advisory Agreement* or related memos, agreements, or addenda. It is the client's responsibility to verify the accuracy of advisory fees if the fees are deducted automatically from client accounts.

For fees based on the market value of assets under management ("AUM"), the applicable value of the assets on the last business day of the previous quarter is used. The applicable billable value may differ from the asset values reported on custodian/administrator statements for several reasons, including:

- Registrant uses trade date (rather than settlement date) accounting and does not show accrued interest/dividends for reporting purposes. Security transactions and investment distributions may occur at month end but may not be shown on custodian/administrator statements until the following calendar month because the transactions have not settled.
- Registrant generally uses the total absolute market value of the positions in the account, including accounts with margin or other liabilities. Refer to Item 4.B and Item 5.A for additional information.
- Registrant and client may have agreed to exclude certain investments or accounts from the applicable billable value.
- Prices and market values used by the Registrant are considered reliable but may vary from those used for custodian/administrator statements. For non-publicly traded securities or similar investments, Registrant may rely on other sources or methods to determine prices and valuations. Refer to Item 4.B for additional information.
- Registrant may calculate and round asset prices and values in a slightly different manner than the custodian/administrator.

- C. *Other Types of Fees or Expenses.* As described below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc., Fidelity Investments, and/or Equity Trust Company serve as the broker-dealer/custodian (referred to as "Applicable Custodians") for client investment management assets. During a transition or succession, alternate custodians may be included for a period of time. *Applicable Custodians* may charge brokerage

commissions and/or transaction fees for effecting certain securities transactions (e.g. transaction fees are charged for certain no-load mutual funds, redemption fees may be charged for certain short-term mutual fund transactions, and commissions are often charged for individual equity and fixed income securities transactions). Certain account types and/or holdings may be subject to set up and annual maintenance fees (e.g. custodian fees). Certain account servicing or cashing activity such as wire transfers or margin loans may generate additional charges. Account "termination" or similar fees may be incurred as a result of the closure or transfer of an account from one broker-dealer/custodian to another.

For accounts managed on a strict non-discretionary basis or where the client directs the broker-dealer/custodian, trades may occur separately from discretionary accounts at generally recommended broker-dealers/custodians; thus, execution and performance may be effected.

In addition to Registrant's investment management fee, brokerage commissions, redemption fees, holdings, servicing, and/or transaction fees, clients will also incur, relative to all underlying managed investment fund purchases, charges imposed at the fund level. For example, mutual fund or exchange traded fund management, administrative/operations, distribution fees and other fund expenses (some or all of these charges may be represented by a fund expense ratio).

Some mutual funds or other securities may offer different share classes of the same fund – where share classes are subject to varying fees and expenses. The Registrant may not have access to or the ability to transact all share classes due to many factors such as minimum investment requirements. This may result in a higher cost incurred than may otherwise be available to the client.

The availability to transact certain mutual funds, securities, or investment products may be limited or restricted by the issuer/manager or broker-dealer/custodian to certain advisors that are approved or have met respective aggregate investment minimums, such as the Registrant; thus, the client may be subject to additional future costs. For example, if a client moved a mutual fund subject to such limitations (e.g. one issued by Dimensional Fund Advisors -- is limited to preapproved registered investment advisers) to another broker-dealer/custodian or unapproved Registrant, additional purchases may not be allowed, and transactions could be subject to an alternative fee schedule.

- D. Service Terminations and Refunds.* Registrant's annual investment advisory fee shall be paid quarterly, in advance, in equal installments rather than the specific number of days in the period, unless an exception is detailed in the *Investment Advisory Agreement* or related memos, agreements, or addenda.

The Registrant generally requires a minimum annual fee for the first year of a new client engagement. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum annual fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the prorated portion of the advance advisory fee paid based upon the number of days remaining in the billing quarter, or another agreed upon method/amount.

- E. *Compensation for Securities Sales.* Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 | Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person is a party to any performance or incentive-related compensation arrangements with its clients.

Item 7 | Types of Clients

The Registrant's clients shall generally include individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. Registrant generally requires a minimum annual fee for the first year of a new client engagement. Registrant shall generally price its advisory services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the type, amount and market value of their assets, the anticipated complexity of the engagement, the anticipated level and scope of the overall investment advisory services to be rendered, and negotiations. Additional factors affecting pricing can include related accounts, employee accounts, competition, and negotiations. As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Additionally, Registrant, in its sole discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). Registrant's Chief Compliance Officer, James A. Freeman, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

- A. *Methods of Analysis and Investment Strategies Used.* The Registrant may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
 - Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices with the intention of purchasing at reduced or discounted prices, especially when purchasing closed-end funds which may trade at a discount relative to the investments' NAV or Net Asset Value)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)

- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. *Material Risks with Methods and Strategies Used.* The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies described above, the Registrant may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (See discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please**

Note: To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential **conflict of interest** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. *Material Risks with Primarily Recommended Securities.* Currently, the Registrant primarily allocates client investment assets among various mutual funds and/or exchange traded funds, as well as private investment funds on a discretionary basis in accordance with the client's designated investment objective(s). Refer to Item 4.B for a description of material risks involved with private investment funds.

Investing involves a wide range of investment risks, and investments may lose a large amount, or all their value. There is no guarantee that a client will meet their investment goals.

Item 9 | Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 | Other Financial Industry Activities and Affiliations

- A. *Broker-Dealer Registration.* Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. *Futures Merchant or Commodity Operator/Advisor Affiliation.* Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. *Material Relationships.* The Registrant does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.

- D. *Compensation from Other Investment Advisors.* The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. *Code of Ethics.* The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. *Financial Interest in Recommended Securities.* Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. *Investment in Recommended Securities.* The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. *Timing of Securities Transactions.* The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities

transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 | Brokerage Practices

- A. *Criteria for Broker-Dealer Selections or Recommendations.* In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Charles Schwab and Co., Inc., Fidelity Investments, and/or Equity Trust Company (referred to as "Applicable Custodians"). Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Applicable Custodians* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. *Research and Additional Benefits.* Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Applicable Custodians* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Applicable Custodians* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Applicable Custodians* or any other entity to invest any specific amount or percentage of client assets in any specific

mutual funds, securities or other investment products as result of the above arrangement.

The Registrant's Chief Compliance Officer, James A. Freeman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. *Brokerage for Client Referrals.* The Registrant does not receive referrals from broker-dealers.
3. *Directed Brokerage.* Registrant recommends that its clients utilize the brokerage and custodial services provided through a specific broker-dealer. The Registrant generally does not accept directed brokerage arrangements (but could make exceptions). A directed brokerage arrangement arises when a client requires that account transactions be effected through a specific broker-dealer/custodian, other than one generally recommended by Registrant. In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

The Registrant's Chief Compliance Officer, James A. Freeman, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. *Aggregating Purchases or Sales of Securities.* Transactions for each client account generally will be effected independently, unless Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm may (but is not obligated to) combine or "batch" such orders for individual equity transactions (including ETFs) with the intention to obtain better price execution, to negotiate more favorable commission rates, or to allocate more equitably among the Firm's clients differences in prices and commissions or other transaction costs that might have occurred had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. In the event that the Firm becomes aware that a Firm employee seeks to trade in the same security on the same day, the employee transaction will either be included in the "batch" transaction or transacted after all discretionary client transactions have been completed. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 | Review of Accounts

- A. *Periodic Reviews.* For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial advisory and/or planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. *Other-than-Periodic Reviews.* The Registrant **may** conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market conditions, and client request.
- C. *Regular Reports.* Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian, issuer/manager, and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account holdings, activity, and/or performance.

Item 14 | Client Referrals and Other Compensation

- A. *Economic Benefits from Non-Clients.* As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Applicable Custodians*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Applicable Custodians*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Applicable Custodians* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Applicable Custodians* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

The Registrant's Chief Compliance Officer, James A. Freeman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. *Referral Compensation to Unsupervised Persons.* The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 | Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian, issuer/manager, and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from Registrant to transfer client funds or securities to third parties. These arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

Item 16 | Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 | Voting Client Securities

- A. *Voting Policies and Procedures.* The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. *Voting Authority.* Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 | Financial Information

- A. *Fee Prepayments.* The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. *Financial Conditions and Client Commitments.* The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. *Bankruptcy History.* The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, James A. Freeman, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.



Financial Alternatives
integrated wealth management

Form ADV Part 2B Brochure Supplement

James Alan Freeman
Christopher Edward Jaccard
Pei-Shan Ellen Li
Andrew Raymond Hoffarth
John Mark Chapra

Financial Alternatives, Inc.
7825 Fay Avenue, Suite 210
La Jolla, CA 92037
financialalternatives.com
(858)459-8289

March 28, 2024

This Brochure Supplement provides information about the above referenced persons that supplements the Financial Alternatives, Inc. Brochure (Form ADV Part 2A). You should have received a copy of that Brochure. Please contact James A. Freeman, Chief Compliance Officer, at (858) 459-8289 ext. 302 or jim@financialalternatives.com if you did *not* receive Financial Alternatives, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about the above referenced persons is available on the SEC's website at www.adviserinfo.sec.gov.

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Qualifications for Professional Designations

CFP® - CERTIFIED FINANCIAL PLANNER™

The CERTIFIED FINANCIAL PLANNER™(CFP®) certification is a voluntary certification that is recognized in the United States and a number of other countries for its (1) high standard of professional education, (2) stringent code of conduct and standards of practice, and (3) ethical requirements that govern professional engagements with clients. As of 2022, more than 90,000 individuals have obtained the CFP® certification.

To attain the right to use the CFP® marks, as of 2022, an individual must satisfactorily fulfill the following requirements:

- **Education:** Complete a college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services and attain a bachelor’s degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- **Examination:** The examination, administered in 6 hours, includes case studies and client scenarios designed to assess one’s ability to integrate and apply a broad base of financial planning knowledge in the context of real-world financial planning situations;
- **Experience:** Complete 6,000 hours of professional experience related to the financial planning process, or 4,000 hours of experience through the Apprenticeship Pathway that meets additional requirements; and
- **Ethics:** Agree to adhere to the high standards of ethics and practice outlined in the CFP Board’s *Code of Ethics and Standards of Conduct* and to acknowledge CFP Board’s right to enforce them through its *Disciplinary Rules and Procedures*.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- **Continuing Education:** Complete 30 hours of continuing education accepted by the CFP Board hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Conduct*, to maintain competence and keep up with developments in the financial planning field;

- **Certification Application:** Complete a Certification Application every two years, which includes an acknowledgement of voluntary adherence to the terms and conditions of certifications with the CFP Board, and disclose any involvement in criminal and civil proceedings, inquiries or investigations, bankruptcy filings, internal reviews and customer complaints. The CFP Board monitors CFP® professionals' ongoing compliance with its ethical standards in addition to investigating consumer complaints, reviewing reports from other regulatory bodies and the press, and searching FINRA's Central Registration Depository system.

To learn more about the CFP® Certification, visit <http://www.cfp.net>. You may verify an individual's CFP® certification and background through this site. The verification function will allow you to verify an individual's certification status, CFP Board's disciplinary history and any bankruptcy disclosures in the past ten years. The above listed qualifications may not be the ones in place when the certification was obtained.

CFA - CHARTERED FINANCIAL ANALYST

The Chartered Financial Analyst (CFA®) charter is a globally recognized, graduate-level investment credential established in 1962 and awarded by the CFA Institute, the largest global association of investment professionals. As of 2022, there are more than 167,000 CFA charterholders working in over 165 countries.

To earn the CFA® charter, as of 2022, candidates must fulfill the following requirements:

- **Education:** Complete a bachelor's program or equivalent degree program; or have a combination of 4,000 hours of professional work experience and higher education (non-overlapping) acquired over a minimum of three sequential years.
- **Examination:** Pass three sequential, six-hour examinations, testing the individual's knowledge on a range of investment topics including portfolio management, financial accounting, economics, statistics, security valuation, derivative securities and ethics.
- **Experience:** Have at least four years of qualified professional experience that is directly involved in, informs, or adds value to the investment decision-making process.
- **Membership and References:** Become a regular member of CFA Institute and provide 2-3 professional references. References are asked to comment on work experience and professional character
- **Ethics:** Commit to abide by, and annually reaffirm, their adherence to the CFA Institute's *Code of Ethics and Standards of Professional Conduct*. The CFA Institute operates a Professional Conduct Program to investigate, review, and/or sanction members and candidates based on self-disclosures, written complaints, and internal initiatives.

The CFA program body of knowledge is updated by experts every year to maintain relevance and reflect a global perspective. CFA Institute recommends that charterholders, as part of their commitment to the *Code of Ethics and Standards of Professional Conduct*, record at least 20 professional learning hours each year, including on 2 hours on Standards, Ethics, and Regulations.

To learn more about the CFA charter, visit www.cfainstitute.org. You may verify an individual's CFA Institute membership status and date their CFA charter was awarded through a directory on this site. The above listed qualifications may not be the ones in place when the charter was obtained.

James Alan Freeman

Year of Birth: 1960

CRD # 1397759

Item 2 | Education Background and Business Experience

Mr. Freeman graduated from Point Loma Nazarene University, *magna cum laude*, in 1982, with a Bachelor of Arts degree in Psychology.

Mr. Freeman is a Founding Principal, President and an investment adviser representative of Financial Alternatives, Inc. since 1991.

Mr. Freeman has been a CERTIFIED FINANCIAL PLANNER™ since 1987.

Item 3 | Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of each supervised person providing investment advice. Information about this advisor is available at <https://adviserinfo.sec.gov>.

Item 4 | Other Business Activities

- A. *Other Investment-Related Activity*. The supervised person is not actively engaged in any other investment-related businesses or occupations.
- B. *Other Non-Investment-Related Activity*. The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

Item 5 | Additional Compensation

None.

Item 6 | Supervision

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the requirements of supervision requirements of Section 203(e)(6) of the Investment Advisor's Act ("Act"). The Registrant's Chief Compliance Officer, James A. Freeman, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee or investment adviser representative of the Registrant have any questions regarding the applicability/relevance of the Act, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Freeman at (858) 459-8289.

Christopher Edward Jaccard

Year of Birth: 1975
CRD # 4381151

Item 2 | Education Background and Business Experience

Mr. Jaccard graduated from San Diego State University, in 1999, with a Bachelor of Science degree in Finance and a Certificate in Personal Financial Planning.

Mr. Jaccard has been an investment adviser representative of Financial Alternatives, Inc. since 2002. Mr. Jaccard was the Founding Principal, President and an investment adviser representative of Jaccard Financial Services, Inc. from 1999 through 2002.

Mr. Jaccard has been a CERTIFIED FINANCIAL PLANNER™ since 2001.

Mr. Jaccard has held the designation of Chartered Financial Analyst (CFA®) since 2009.

Item 3 | Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of each supervised person providing investment advice. Information about this advisor is available at <https://adviserinfo.sec.gov>.

Item 4 | Other Business Activities

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- B. *Other Non-Investment-Related Activity.* The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

Item 5 | Additional Compensation

None.

Item 6 | Supervision

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Pei-Shan Ellen Li

Year of Birth: 1980
CRD # 5902854

Item 2 | Education Background and Business Experience

Mrs. Li graduated from National Chengchi in 2004, with a Bachelor of Arts degree in English Literature. Mrs. Li also graduated in 2007, from San Diego State University with two Master of Science degrees, Financial and Tax Planning and International Business.

Mrs. Li has been an investment adviser representative of Financial Alternatives, Inc. since May 2010. From March 2008 through May 2010, Mrs. Li was a Financial Paraplanner/Account Administrator with Hokanson Associates. From November 2007 through February 2008, Mrs. Li was an Intern with Financial Alternatives, Inc.

Mrs. Li has been a CERTIFIED FINANCIAL PLANNER™ since 2011.

Item 3 | Disciplinary Information

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Item 4 | Other Business Activities

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- B. *Other Non-Investment-Related Activity.* The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

Item 5 | Additional Compensation

None.

Item 6 | Supervision

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Andrew Raymond Hoffarth

Year of Birth: 1987

CRD # 5816151

Item 2 | Education Background and Business Experience

Mr. Hoffarth graduated from San Diego State University, in 2010, with a Bachelor of Science degree in Finance and a Certificate in Personal Financial Planning.

Mr. Hoffarth has been an investment adviser representative of Financial Alternatives, Inc. since 2021 and his business background and experience include:

Essential Planning Services, LLC, 2010 to 2021, Investment Advisor Representative

Fox College Funding, LLC, 2010 to 2021, College Funding Consultant

Securities America Advisors, Inc., 2013 to 2016, Investment Advisor Representative

Securities America, Inc., 2012 to 2016, Registered Representative

CBIZ, Inc., 2010, Intern

Mr. Hoffarth has been a CERTIFIED FINANCIAL PLANNER™ since 2013.

Item 3 | Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of each supervised person providing investment advice. Information about this advisor is available at <https://adviserinfo.sec.gov>.

Item 4 | Other Business Activities

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- B. *Other Non-Investment-Related Activity.* The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

Item 5 | Additional Compensation

None.

Item 6 | Supervision

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John Mark Chapra

Year of Birth: 1954

CRD # 4949654

Item 2 | Education Background and Business Experience

Mr. Chapra graduated from the State University of New York, University at Albany in 1976 with a Bachelor of Arts degree in French. He graduated from the University of California at San Diego in 1989 with a Bachelor of Arts degree in Computer Science. Mr. Chapra graduated from the University of San Diego in 2002 with a Masters of Business Administration degree with an emphasis in Finance. Mr. Chapra graduated from San Diego State University in 2006 with a Master of Science degree in Business Administration with an emphasis in Financial and Tax Planning.

Mr. Chapra has been an investment adviser representative of Financial Alternatives, Inc. since 2021. Since April of 2014, Mr. Chapra has been a planner of Hillegas Advisory Services, Inc. From September of 2006 to April of 2014, Mr. Chapra was a paraplanner of Hillegas Advisory Services, Inc. From April of 2006 to April of 2012, Mr. Chapra was a paraplanner of Avenue Advisors.

Mr. Chapra has been a CERTIFIED FINANCIAL PLANNER™ since 2011.

Item 3 | Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of each supervised person providing investment advice. Information about this advisor is available at <https://adviserinfo.sec.gov>.

Item 4 | Other Business Activities

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- B. *Other Non-Investment-Related Activity.* The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

Item 5 | Additional Compensation

None.

Item 6 | Supervision

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