

# DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 203-1

## Part 2A of Form ADV: Firm Brochure

Firm IARD/CRD #: 123449



## GORDON & ASSOCIATES FINANCIAL ADVISORS, INC.

Your Fee-Only Financial Planning  
& Wealth Management Firm

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This Disclosure Brochure provides information about the qualifications and business practices of Gordon & Associates Financial Advisors, Inc., which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Gordon & Associates Financial Advisors, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Gordon & Associates Financial Advisors, Inc. has attained a certain level of skill or training.

BROCHURE  
DATED

**15  
JUNE  
2017**

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**MATERIAL CHANGES**

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ITEM 2

SEC Rule 204-3(b)(2) allows us to provide you with a summary page of Material Changes in lieu of sending out our entire Disclosure Brochure. If you are being offered this Material Change page as a separate piece from our Disclosure Brochure and you have questions about these summary disclosures or would like a current copy of our Disclosure Brochure to review, **you may contact us and a current, complete Disclosure Brochure will be sent free of charge.**

**New Address**

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We have moved our main office from 17427 Bridge Hill Court, Suite H, Tampa, Florida 33647. The new office location address is listed below. All contact phone numbers, website, and email will remain the same.

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**GORDON & ASSOCIATES FINANCIAL ADVISORS, INC.**

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This brief is being provided to you as a summary of what has been fully disclosed in our Disclosure Brochure dated June 15, 2017. The information contained on this Material Change page has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator.

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## BROCHURE SUPPLEMENTS

## ADVISORY BUSINESS

ITEM 4

### Who We Are

Gordon & Associates Financial Advisors, Inc. (hereinafter referred to as “the Company”, “we”, “us” and “our”) is a fee-only investment advisor<sup>1</sup> registered in November 1998 to provide wealth management services<sup>2</sup> designed to assist you, our client<sup>3</sup>, achieve the financial stability, security, and independence you desire.

#### Owners

The following person controls the Company:

Name	Title	CRD#
Horace C. Gordon, IV	President & Chief Compliance Officer	3124686

#### Our Mission

Our mission is to serve as a **trusted fiduciary acting in your best interest** as you build a legacy in both your financial and personal life. As a confidant of your financial dreams for a better quality of life, we will do everything in our power **keep you focused** on where you want to go, **offer advice** on how best to get there, and continually remind you of the importance of **maintaining a disciplined approach** to building your legacy.

### Assets Under Management

We offer two (2) **investment management** services: Portfolio Management and Portfolio Monitoring. Portfolio Management accounts are managed on a non-discretionary basis. Portfolio Monitoring accounts are managed on a discretionary basis by independent third-party money managers (“Portfolio Managers”). As of January 1, 2017, our non-discretionary assets under management and the assets we have managed by these Portfolio Managers totaled:

Non-Discretionary Accounts .....	\$6,320,000
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### What We Do

We offer financial solutions that stress fiscally responsible decisions and disciplined economic choices in your personal life for you to achieve your monetary goals for today’s needs, tomorrow’s dreams, and a legacy for future generations.

Some of the best advice we could offer is that success, achievement, and contentment in life have little to do with personal wealth but are instead related to lifestyle choices. These

<sup>1</sup> The term “registered investment advisor” is not intended to imply that Gordon & Associates Financial Advisors, Inc. has attained a certain level of skill or training. It is used strictly to reference the fact that we are “Registered” as an “Investment Advisor” with the Florida Office of Financial Regulation - and with such other regulatory agencies that may have limited regulatory jurisdiction over our business practices.

<sup>2</sup> Gordon & Associates Financial Advisors, Inc. is a **fiduciary**, as defined within the meaning of the Employer Retirement Income Security Act of 1974 (“ERISA”) or as defined under the Internal Revenue Code of 1986 (the “Code”) for any **wealth management services provided to a client who is:** (i) a plan participant or beneficiary of a retirement plan subject to ERISA or as described under the Code; or, (ii) the beneficial owner of an Individual Retirement Account (“IRA”).

<sup>3</sup> A client could be an individual and their family members, a family office, a foundation or endowment, a charitable organization, a corporation and/or small business, a trust, a guardianship, an estate, a retirement plan, or any other type of entity to which we choose to give investment advice.

**lifestyle choices are your unique values, life goals, and future plans.** Therefore the economic solutions we develop, whether financial planning and/or investment management, reflect how **you** define true wealth -- not how we define it. Our services include:

### **Financial Planning**

**All our advice begins with a plan.** We take a holistic approach to managing your wealth and we feel this can only be accomplished by having a complete picture of your financial personality. This creates a more effective and efficient way to address your entire financial need. **Therefore, we will not offer investment management services to you unless you are already a personal financial planning client.**

Financial planning is one of the most important tools that successful people use to bridge unexpected events to create an extraordinary personal life and the security needed in their retirement years. However, such planning requires a lifetime commitment, not only from you but from us as well, your Financial Planner.

#### **What is a Financial Plan?**

Financial planning is an evaluation of the investment and financial options available to you based upon your defined lifestyle choices. Planning includes: (i) attempting to make optimal decisions; (ii) projecting the consequences of these decisions for you in the form of a financial plan - a **working blueprint**; and, (iii) implementing the protocols to achieve the objectives of the plan. Once complete the financial plan, or working blueprint, becomes the benchmarks by which you compare ongoing financial behavior and performance to your stated objectives for behavior and performance. This allows you to monitor and adjust in order to be sure you are achieving your economic goals and objectives.

#### **Financial Planning Composition**

A financial plan is a mutually defined review, analysis and evaluation of your personal financial needs. In general, our financial planning may encompass one or more of the following areas of financial need as communicated by you:

- ❖ **Personal** - Family records, budgeting, personal liability, estate information and financial goals.
- ❖ **Education** - Education IRAs, financial aid, and state savings plans including 529 plans, grants and general assistance in preparing to meet dependents' continuing education needs through development of an education plan.
- ❖ **Taxes and Cash Flow** - Understanding the impact of various investments on current and future income tax liability.
- ❖ **Survivor and Beneficiary Planning** - Cash needs at death, income needs of surviving dependents, estate planning and income analysis.
- ❖ **Estate** - Reviewing estate-planning documents, including wills and trusts to determine whether you should seek the assistance of an estate-planning attorney. Reviewing powers of attorney, nursing home and assisted living agreements, living trusts, and Medicare/Medicaid benefits.
- ❖ **Retirement** - Analysis of current strategies and investment plans to help achieve retirement goals.
- ❖ **Investments** - Analysis of investment alternatives including risk and return analysis and their effect on your investment portfolio(s). Assessment of your risk tolerance profile.
- ❖ **Insurance** - Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- ❖ **Asset Protection** - Look for opportunities to shield your wealth from the attacks of creditors and lawsuits.

## Preparing the Financial Plan

Your financial plan will be prepared in five (5) steps. These steps are defined as follows:

### Step 1 - *Goal Assessment*

Through the goal assessment process, we learn about you and what you want to achieve. This is accomplished through personal interviews and profile questionnaires<sup>4</sup>, which are designed to address all of the financial planning disciplines discussed above. You will have the opportunity to prioritize your objectives and to remove from the process any areas that are not applicable to your circumstances. **The time we invest in this detailed assessment process to listen and cater to your desires is critical for developing a strong financial planning foundation.** Such time helps to:

- ❖ Define and narrow objectives and investment options;
- ❖ Stimulate creative thinking;
- ❖ Identify areas of greatest concern;
- ❖ Cultivate peace of mind;
- ❖ Create an accurate picture of your overall financial personality; and,
- ❖ Provide an effective and efficient way for us to address your unique financial needs and objectives.

After the interview process, we will prepare an agenda and conduct a meeting with you to begin formally documenting your goals and objectives. From this meeting, we will draft a Written Goals Report documenting the financial planning process disciplines that you wish to address, detailing the specific objectives under each discipline. Redrafting and meetings can be repeated until you are completely satisfied. This Report is the basis for the three subsequent steps, helping to ensure the appropriateness and relevance of the remainder of the planning process.

### Step 2 - *Current and Future Financial Position Assessment*

Once your objectives have been documented in a Written Goals Report, we will begin gathering the relevant financial information needed to proceed with the planning process. The information requested could include insurance policies, spending history, investment statements, pay stubs, details on assets, liabilities, etc.... to determine your current financial situation. Depending on the service you request, this might include an analysis report on your: (i) assets, liabilities and cash flow; (ii) current insurance coverage and investments; and, (iii) tax strategies and estate planning documents.

With the first two phases complete, we know what you want to accomplish and what your financial realities are and are now in a position to prepare an actual financial plan.

### Step 3 - *Preparation of the Financial Plan*

We define the financial plan as a road map (a series of blueprints) designed to take you from where you currently are financially, to where you want to be at some point in the future. This is the **creative portion** of the process. There are usually several ways to accomplish a given goal. The objective, however, is to integrate financial instruments into a plan that you will be comfortable executing. In some cases, the drafting of the plan reveals the need for us to help you reconcile the gap between your expectations and your financial realities. Once a viable plan has been drafted, it is presented to you and reviewed. The draft and review process may be repeated until you are satisfied with the

<sup>4</sup> The profile questionnaire we use is an important tool in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or choose to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with detailed financial and tax information.

financial plan. When finalized, a Written Financial Plan is issued to the client, along with an implementation schedule.

#### Step 4 - *Implementation*

A financial plan is of limited value if it is not put into action. Accordingly, we assist you with implementing<sup>5</sup> and monitoring the plan. The implementation schedule provides you with a list of tasks and deadlines designed to ensure that **you put your plan into action**. The following are some examples of implementation:

- ❖ Drafting of appropriate estate documents (performed by estate attorney).
- ❖ Purchase of various insurance policies (provided by an independent agent of your choice).
- ❖ Investment advisory services, including preparation of an Investment Policy Statement (“IPS”) and implementing your asset allocation strategy (performed by us, or another investment adviser/broker-dealer of your choice).
- ❖ Adopting and monitoring of a personal budget.
- ❖ Ongoing income tax planning (prepared by an affiliated company of ours or by an independent Certified Public Accountant or tax accountant of your choice).

#### Step 5 - *Monitoring*

Once the plan has been built and the recommendations have been implemented it is critical that these recommendations be monitored on a continuing basis to ensure that they remain consistent with your financial objectives (including investment parameters). This process requires periodic rebalancing of the portfolio to ensure your original objectives are maintained. Continued monitoring of established personal budgets and the continued effects of taxation on the plan are assessed regularly at your option per the Annual Review.

You will find more information about our financial planning fees under “Financial Planning” below in Item 5, “Fees & Compensation”.

### Investment Management

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Depending on your monetary needs and investment objectives, time horizon, and risk tolerance, along with your unique desires, we offer two (2) Investment Management services: Portfolio Management and Portfolio Monitoring.

#### Portfolio Management

Our Portfolio Management strategies focus on designing a portfolio allocation of using a mix of equity (“stock”) positions, fixed income/debt (“bond”) instruments, investment company (“mutual funds”) products, and exchange traded funds (“ETFs”) to achieve the best return on your investment capital.

You can find more information about our management services under “Portfolio Management” in Item 5, “Fees & Compensation” below and further description of our investment strategies under Item 8, “Methods of Analysis, Investment Strategies & Risk of Loss.”

<sup>5</sup> Implementing the recommendations made in a financial plan often requires consultation or coordination with one or more outside professionals (e.g. attorneys, CPAs, insurance agents, and securities representatives). All personal and private information received from you will be kept entirely confidential, not only by us, but by the outside professionals as well. Your confidential information will be disclosed to third parties only with your consent or as may be permitted or required by law.

### Portfolio Monitoring

Portfolio Monitoring consists of recommending third-party money managers (“Portfolio Manager”) for you to select, whose investment disciplines most closely resemble your investment objectives as outlined in your Investment Policy Statement (“IPS”). Included in your IPS is:

- ❖ An asset allocation guideline to balance investment return and risk, which emphasizes spreading risk among various asset classes and investment vehicles; and,
- ❖ Recommended Portfolio Managers to implement your asset allocation strategy.

Under these arrangements, we are **not involved in the day-to-day management of your portfolio assets**. Our responsibility will be to continuously evaluate the performance of your portfolio to ensure the Portfolio Manager adheres to your investment parameters and to make recommendations regarding the Portfolio Manager as market factors and your personal goals dictate.

More information about our “Portfolio Monitoring” services is available below under Item 5, “Fees & Compensation” below and how we evaluate Portfolio Managers is also discussed under Item 8, “Methods of Analysis, Investment Strategies & Risk of Loss.”

## FEES & COMPENSATION

ITEM 5

### Financial Planning Fee

How we charge to develop a financial plan depends on the size, complexity, and nature of your personal and financial situation and the amount of time it will take to analyze and summarize the plan and perform the services you desire.

#### Planning Fees

Financial planning services are offered on an **hourly rate basis not to exceed \$265** for the initial engagement. Clerical fees will be billed at an **hourly rate of \$60 per hour**.

The Financial Planning fee will be estimated at the outset of the engagement. We do not provide “fixed fee” engagements. Financial Planning is a consulting process, and by its very nature, the time incurred will vary. We do strive to keep you constantly apprised of time being incurred, with the objective being that when you receive an invoice you will already know how much time is being billed.

Our normal billing process is to invoice you semi-monthly with an itemized statement of all time and expenses.

#### Annual Planning

It is important to note that any **planning is dynamic. It is never static**. It therefore must be periodically reevaluated. A financial plan is a roadmap that is only as good as how well it reflects your current economic position to then guide you on a clear path to a future financial destination. However, you can veer off course, intentionally or unintentionally, as circumstances in your life take you down another path. An annual financial plan review is designed to systematically address these unexpected diversions and continually keep you on the right road headed to your future financial destination.



### Annual Review

Once the initial Financial Planning services have been completed, we will establish future “Annual Review” dates. The Annual Review dates - generally begin after the first anniversary - will be to review and make adjustments, if necessary, to the financial plan. Together we will set the calendar dates for your future reviews.

### Annual Review Fee

Annual reviews are performed on an hourly basis. We will always address with you the scope of the annual review before proceeding, so that you have an estimate of fees.

## Termination

### Financial Planning Termination

You can terminate the Financial Planning Agreement at any time prior to the presentation of any final planning documents. We will be compensated through the date of termination for time spent in design of such financial documents at the hourly rate agreed to in the Agreement. If you have prepaid any fees, such un-earned fees will be returned on a pro-rata basis. **After the financial plan has been completed and presented to you, termination of the Agreement is no longer an option.**

### Annual Review Termination

Annual Review services can be terminated at any time. The Company will bill you for any services rendered from the date of the last bill up to the date of termination at the fee rate that was agreed to in the proposal, engagement letter and/or retainer agreement.

## Portfolio Management Fee

Portfolio Management is provided on an asset-based fee arrangement. Our management fee is calculated based on the **aggregate market value** of your account on the first business day of each new calendar quarter **multiplied by one-fourth** of the corresponding annual percentage rate (i.e.,  $0.75\% \div 4 = 0.1875\%$ ).

We retain the right to negotiate the management fee within each tier on a client-by-client basis depending on the size, complexity, and nature of the portfolio managed. In addition, as your portfolio value exceeds each tier level, either through additional deposits or asset growth, a fee break will occur. The tier breaks are as follows:

Account Value	Annual Fee Rate
	Not to Exceed
Up to \$5,000,000.....	0.75%
\$5,000,001 to \$7,500,000 .....	0.65%
\$7,500,001 to \$10,000,000 .....	0.55%
Over \$10,000,000 .....	0.50%

We generally require a minimum initial investment of **\$500,000** to open a managed account; however, we retain the right to **waive or reduce** this minimum if we feel circumstances are warranted. All management fees will be fully disclosed to you in an Investment Advisory Agreement prior to conducting any portfolio management services.

## Protocols for Portfolio Management

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The following protocols establish how we handle our Portfolio Management accounts and what you should expect when it comes to: (i) managing your account; (ii) your bill for investment services; (iii) deposits and withdrawals; and, (iv) other fees charged to your account(s).

### Non-Discretion

We do not take discretionary trading authority over the management of your portfolio. Prior to executing any securities transactions in your account, we will contact you for your consent.

### Billing

You will be billed quarterly in arrears based on the above fee arrangement. For new managed accounts opened between billing cycles, the first billing will be based on a pro-rated calculation of assets managed for the initial quarterly period.

Advisory fees will be taken first from free credit balances or from any money market funds or balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees. Such liquidation may affect the relative balances of the account.

### Fee Exclusions

The above fees for all of our management services are exclusive of any charges imposed by the custodial firm including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

In addition, all fees paid to us for Portfolio Management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: redemption fees, account fees, and purchase fees may occur but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

## Termination of Portfolio Management

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To terminate Portfolio Management services, either party (you or us) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received at least 30 days prior to the date of termination (i.e.; To terminate services on October 1<sup>st</sup>, a request for termination should be received in our office by September 1<sup>st</sup>). Such notification should include the date the termination will go into affect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the last day of a calendar quarterly, we will bill a pro-rated management fee based upon the number of days during the quarter we managed your account after the termination notice goes into effect. Once the termination of portfolio management services has been implemented, neither party has any obligation

to the other - we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

### Portfolio Monitoring Fee

Under the arrangements with Portfolio Managers, we are not involved in the day-to-day management of your portfolio assets. **Our responsibility to the Portfolio Manager(s)** will be to ensure you meet their minimum qualifications. Once your account has been established we will provide all administrative and clerical duties as may be required to service your account. The Portfolio Manager(s) may have little or no direct contact with you.

**Our responsibility to you** will be to: (i) continuously evaluate the performance of your portfolio to ensure the Portfolio Manager selected adheres to your asset allocation guidelines; and, (ii) make recommendations regarding the Portfolio Manager as market factors and your personal goals dictate.

### Portfolio Managers Fee Structure

The Portfolio Managers who will be used to manage your account(s) will disclose their fees for management services in their Disclosure Brochures (the Portfolio Manager's ADV Part 2A: Firm Brochure or Part 2A Appendix 1: Wrap Fee Program Brochure), **which we will provide you prior to, or at the same time as, opening an account.** The fees that will be charged to your account(s) will include:

1. The Portfolio Manager's management fee;
2. Our Portfolio Monitoring fee; and,
3. Trading commissions and/or account charges, depending on if the Portfolio Manager is "wrapping" all the fees, which may be imposed by the custodian or broker/dealer used to custody your account(s).

We bill our monitoring fee separately from the Portfolio Manager, our fee will **not exceed 0.75%** and your account will be handled pursuant to the protocols disclosed under "Portfolio Management Fee" above.

### Protocols for Portfolio Monitoring

Regarding the management of your portfolio, you will want to consult the Portfolio Manager's Disclosure Brochure for their policies on how they will handle your account; such as, billing, deposits and withdrawals, fee exclusions, termination, and any other unique advisory costs associated with their service since we **do not take discretion** over the management of your account. We will discuss these arrangements with you when we go to open your account with a Portfolio Manager; however, you are encouraged to read their terms for management on your own.

## PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

We do not charge fees based on a share of capital gains or the capital appreciation of the assets held in your accounts.

## TYPES OF CLIENTS

ITEM 7

The types of clients we offer advisory services to are described above under “Who We Are” in Item 4, the “Advisory Business” section. Our minimum account size for Portfolio Management is disclosed above under “Portfolio Management Fee” in Item 5 above in the, “Fees & Compensation” section of this Brochure.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

### Portfolio Management - Methods of Analysis, Investment Strategies & Managing Risk

Our portfolio management services are designed to build long-term wealth while maintaining risk tolerance levels acceptable to you. We combine your financial needs and investment objectives, time horizon, and risk tolerance to yield an effective investment strategy. Your portfolio is then tailored to these unique investment parameters using a mix of equity (“stock”) positions, fixed income/debt (“bond”) instruments, investment company (“mutual funds”) products, and exchange-traded funds (“ETFs”).

#### Methods of Analysis

In analyzing securities to develop an efficient asset allocation portfolio, we will use a combination of analysis techniques to gathering information and to guide us in our management decisions.

##### Fundamental Analysis

Fundamental analysis considers: efficiency ratios, growth rates, enterprise value, economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

##### Technical Analysis

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.

Fundamental analysis provides us with a broad long-term view of a security that begins with determining a company’s value and the strength of its financials while technical analysis is short-term focusing on the statistics generated by market activity.

#### Investment Strategies

We are not bound to a specific investment strategy or ideology for the management of your investment portfolio. We understand markets and **money made** from increased stock values has greater risk (volatility) than **money earned** from dividends (secure and stable) in income-oriented securities. Our goal is to balance making and earning money by maintaining a disciplined management approach, regardless of the strategy, so as to not sacrifice long-term goals for short-term gains. However, our investment strategies generally incorporate these methodologies:

### Modern Portfolio Theory

Modern Portfolio Theory (“MPT”)<sup>6</sup> is the analysis of a portfolio of stocks as opposed to selecting stocks based on their unique investment opportunity. The objectives of MPT is to determine your preferred level of risk then construct a portfolio that seeks to maximize your expected return for that given level of risk. Our investment methodology follows five (5) basic premises, each of which is derived from MPT.

1. You, as with all clients, are inherently risk-averse.
2. The markets are basically efficient.
3. The focus of attention is shifted away from individual securities analysis to consideration of portfolios as a whole, predicated on explicit risk-reward parameters.
4. For any level of risk that you are willing to accept, there is a rate of return that should be targeted.
5. Portfolio diversification is not so much a function of how many issues are involved, but more a function of the relationships and proportions of each asset to other correlating assets.

### Asset Allocation

Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk. From this there are more narrow and aggressive Asset Allocation derivatives that we may use.

### Dollar-Cost Averaging

Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

## Managing Risk

We seek to manage and mitigate numerous risks inherent in investing, including:

- ❖ **Market Risk** - Also know as variability or volatility risks.
- ❖ **Interest Rate Risk** - Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Equity Risk** - Equity risk is the risk that the value of your stocks will depreciate due to stock market dynamics causing one to lose money.
- ❖ **Currency Risk** - Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in internationally securities can be affected by changes in exchange rates.
- ❖ **Inflation Risk** - The reduction of purchasing power of investments over time.
- ❖ **Commodity Risk** - Commodity risk refers to the uncertainties of future market values and the size of future income caused by the fluctuation in the prices of commodities (i.e., grains, metals, food, electricity, etc...).

The risk factors we have cited here are not intended to be an exhaustive list, but are the most common risks your portfolio will encounter. Other risks that we haven’t defined could

<sup>6</sup> Modern Portfolio Theory was developed and introduced by Harry M. Markowitz in his paper “Portfolio Selection” published in 1952 by the *Journal of Finance*.

be political, over-concentration, and liquidity to name a few. However notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of your investment portfolio, **investing in a security involves a risk of loss that you should be willing and prepared to bear**; and furthermore, **past market performance is no guarantee that you will see equal or better future returns on your investment.**

## Portfolio Monitoring - Methods of Analysis, Investment Strategies & Managing Risk

With the use of Portfolio Managers, focus of our selection and monitoring is to **balance investment return and risk, with the emphasis on spreading risk among asset classes.** The specific methods of analysis, investment strategies, and risk management will be handled at the discretion of the Portfolio Manager.

We will perform a due-diligence review of our current and prospective Portfolio Managers to evaluate:

- ❖ **Regulatory Oversight:** Show proper licensure as: (a) a bank/trust company, (b) an insurance company, (c) a registered Investment Company, or (d) a registered investment advisor. In addition, a clear track record of compliance and understanding of their fiduciary duties.
- ❖ **Track Record:** The Portfolio Manager should have at least three years of history so that performance statistics can be properly calculated.
- ❖ **Stability:** The same management team should be in place for at least two years. This reflects team unity and balance.
- ❖ **Composition:** At least 80% of the Portfolio Manager's underlying securities investments should be consistent with the broad asset class.
- ❖ **Performance:** The Portfolio Manager's investment performance should show a competitive advantage relative to their peer group in both up and down markets. This reflects an investment knowledge and understanding of the inner-workings of the securities markets.

In monitoring the investment performance of Portfolio Managers, we will utilize the above criteria to trigger when we should more closely scrutinize a particular Manager for possible replacement.

## DISCIPLINARY INFORMATION

ITEM 9

We have no legal or disciplinary events to report.

## OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

### Accounting Activities & Affiliations

Mr. Horace C. Gordon, IV is a certified public accountant and the President of Gordon & Associates, PA, CPAs, a full service CPA firm providing a wide range of tax, consulting & accounting services to individuals and business clients. The services provided through Gordon & Associates, including certain advising and consulting activities, are separate and distinct from the operations of this Company. Mr. Gordon devotes approximately 70% to 95% of his

available time to Gordon & Associates depending on the needs of his accounting clients and the time of the year.

Referrals to, from, and between the Company and Gordon & Associates can create a potential conflict of interest to our fiduciary duty to be impartial with our advice and to keep your interests ahead of our own. As a control person, shareholder, and agent of both entities, Mr. Gordon is able to influence the direction of investment and accounting activities - **keeping all services in-house**. If you accept his recommendation, this can lead to increased personal revenues in the form of advisory/consulting fees, salary, income/dividend returns, and bonuses. Therefore, before accepting Mr. Gordon's recommendation to engage either entity for professional service, **you may want to consider other options to ensure that the services from these affiliated entities are comparable or equivalent to the service you might receive from other independent firms.**

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

ITEM 11

### **Code of Ethics**

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

### **Client Transactions**

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

### **Participation or Interest**

It is against our policies for any owners, officers, directors and employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by our Chief Compliance Officer, and such investment is not in violation of any SEC and/or State rules and regulations.

### Insider Trading Policy

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We comply with the Insider Trading and Securities Fraud Enforcement Act of 1988. We do not share any non-public information with anyone who does not need to know and has set-up internal controls to guard your personal information.

### Class Action Policy

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The Company, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

### Personal Trading

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Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee's account. In these situations, we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative ("RA"), or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Our Chief Compliance Officer reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Bunched orders (See "Aggregating Trade Orders" below under Item 12, "**Brokerage Practices**") may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by Chief Compliance Officer to ensure that such activities do not impact upon your security or create conflicts of interest.

## BROKERAGE PRACTICES

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ITEM 12

### Custodial Services

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The Company maintains custodial arrangements with Charles Schwab & Company, Inc. ("Schwab"), a licensed broker-dealer (member FINRA/SIPC), through its Schwab Advisor Services to financial advisors. Schwab offers us services, which include custody of securities, trade execution, clearance and settlement of transactions.



Our recommendation for you to custody your assets with Schwab has no direct correlation to the services we receive from Schwab and the investment advice we offer you, although **we do receive economic benefits** through our relationship with Schwab that are typically not available to Schwab retail clients.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a dedicated trading desk; access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts); the ability to have advisory fees deducted directly from accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers.

**We are not a subsidiary of, or an affiliated entity of Schwab.** We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.

### Direction of Transactions and Commission Rates (Best Execution)

**We have a fiduciary duty to put your interests before our own.** The advisory support services we received from Schwab creates an economic benefit to us and a potential conflict of interest to you; in that, our recommendation to custody your account(s) with Schwab may have been influenced by these arrangements/services. **This is not the case;** we have selected Schwab as our custodians of choice based on:

1. Their competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. Their general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with Schwab staff.

Since we do not recommend, suggest, or make available a selection of custodians other than Schwab, and we have not verified whether their transaction fees are competitive with another custodian, **best execution may not always be achieved.** Therefore, **you do not have to accept our recommendation to use Schwab as your custodian.** However if you elect to use another custodian, **we may not be able to provide you complete institutional services.**

### Selection of Portfolio Managers

We will make available a select group of Portfolio Managers from which you may choose to manage your account(s). We will assist you in determining which will provide the most effective financial growth based upon your stated investment objectives and risk tolerance level. **The brokerage practices of the Portfolio Manager will be disclosed in their ADV Part 2A: Firm Brochure or Part 2A Appendix 1: Wrap Fee Program Brochure, which we will provide you prior to, or at the same time as, opening an account.**

While we have exercised our best efforts evaluating the investment performance and cost of service offered by these Portfolio Managers, we make no representation the Portfolio Manager in which we refer you has the best investment performance or lowest portfolio management costs. In addition, your selection of such Portfolio Managers will be limited to those with whom we have entered into service agreements. Therefore, you might be able to contract for similar services elsewhere or separately, with equivalent or better performance at lower cost.

## Aggregating Trade Orders

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as “best execution”) for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and, (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** - The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

If you would like additional information on our trading allocation policies, a copy is available for review upon request.

## REVIEW OF ACCOUNTS

ITEM 13

### Portfolio Management Reviews

Each account is reviewed on an ongoing basis by Horace C. Gordon, IV to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary.

You will receive monthly statements from Schwab where your account(s) are custodied. You are encouraged to review each statement which summarizes the specific investments held, the value of your portfolio and account transactions.

You are also encouraged to review with us investment strategies and account performance on an annual basis. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

### Portfolio Monitoring Reviews

Mr. Gordon will monitor and evaluate the performance of the Portfolio Manager managing your account on a regular basis. We understand your goals and tolerance for risk may change over time; therefore, **even though we are not involved in any way with the day-to-day management** of your assets maintained with a Portfolio Manager(s), we will supervise your portfolio and will make recommendations to you regarding the Portfolio Manager(s) as market factors and your personal goals dictate.

## Financial Planning Reviews

Mr. Gordon will work closely with you to be sure the action points identified in the financial plan have been or are being properly executed. Once the action points have been completed, the financial plan should be reviewed at least annually. Material changes in your lifestyle choices, personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

## CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

### Referral Compensation

We do not receive any economic benefit from an independent party for managing your account(s). In addition, we do not compensate persons/firms for client referrals.

### Other Compensation (Indirect Benefit)

The Company receives an indirect economic benefit from Schwab (See “Custodial Services” above under Item 12, “Brokerage Practices” for more detailed information on what these services and products could be.)

### Financial Planning Compensation

You are cautioned to consider your options carefully when Horace C. Gordon, IV suggests the need for outside consultations and professional services (e.g.: attorneys, CPAs, insurance agents, and securities representatives) to implement certain aspects of an estate or financial plan.

Even though we are fee-only and do not share in any fees earned by the outside professionals when (**except in the case of tax & accounting services**) implementing a financial plan, it does create an incentive on our part to refer your business to only those professionals that in turn refer potential clients to us (See “Accounting Activities & Affiliations” above under Item 10, “**Other Financial Industry Activities & Affiliations**” for other disclosures relating to affiliated services.). This can eliminate the possibility for you to be referred to someone who may provide equivalent professional services, and possibly at a lower cost.

Therefore, to ensure you understand the choices and risks you have in receiving financial planning along with all other investment recommendations, the following disclosures are provided to assist you with your decisions:

- ❖ You are under no obligation to have any related parties that we recommend prepare planning documents (i.e.; financial, estate, tax, etc...). **You are free to choose those outside professionals to implement the recommendations made in the financial or estate plan.**
- ❖ Certain aspects of a financial plan require the assistance of a Registered Representative of a broker-dealer and/or licensed insurance agent of insurance company to execute the transaction. Regardless of who performs the transaction(s), **such person will be entitled to earn a commission.**
- ❖ We do not receive any economic benefit from referring you to another professional without first notifying you of such possibilities.

Notwithstanding such potential conflicts of interest, we strive to serve your best interest and ensure such disclosure is being properly made to you in compliance with the Investment Advisers Act of 1940, Rule 275.206.

## Retirement Rollover Compensation

Earning a management fee from recommending the rollover of retirement plan assets to an IRA we manage is considered “self-dealing” and prohibited unless we comply with a Best Interest Contract (“BIC”) Exemption available under the Department of Labor’s (“DOL”) Fiduciary Rule. The DOL considers earning a management fee “self-dealing” because it increases our compensation and profits while potentially disregarding the underlying costs paid by, and the services provided under, the retirement plan that might be more beneficial to you should your retirement assets remain with the plan. Therefore, when it comes to your retirement assets, there are typically four options you should consider when leaving an employer:

- ❖ Leave the account assets in the former employer’s plan, if permitted;
- ❖ Rollover the assets to the new employer’s plan, if one is available and rollovers are permitted;
- ❖ Rollover the assets to an Individual Retirement Account (an “IRA”); or,
- ❖ Cash out the retirement account assets (There may be tax consequences and/or IRS penalties depending on your age.).

Should you choose to rollover your retirement account assets to an individual IRA account, you understand you are under no obligation to engage us to manage these assets... that you are free to take your IAR account anywhere to be managed.

## CUSTODY

ITEM 15

### Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities, but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities shall be maintained with Charles Schwab & Company, Inc. (“Schwab”) as indicated above in Item 12, “**Brokerage Practices.**”

We are however defined as having custody since you have authorized us to deduct our advisory fees directly from your account. To protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ We report to the regulatory authority (the Florida Office of Financial Regulation) having jurisdiction over our advisory practice that we have custody.
- ❖ Your funds and securities will be maintained with a qualified custodian (Schwab) in a separate account in your name.
- ❖ Authorization to withdraw our management fees directly from your account will be approved by you prior to engaging in any portfolio management services.
- ❖ At the time we notify Schwab to withdraw our quarterly fee from your account, we will send you a quarterly notice itemizing our fee. Itemization includes the formula used to calculate our fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

Schwab is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. **You are encouraged to compare the financial data contained in our report and/or itemized fee notice with the financial information disclosed in your account statement from Schwab to verify the accuracy and correctness of our reporting.**

## INVESTMENT DISCRETION

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ITEM 16

We do not take discretionary trading authority over the management of your portfolio. Prior to executing any securities transactions in your account, we will contact you for your consent.

## VOTING CLIENT SECURITIES

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ITEM 17

We do not vote client proxies. You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in your managed accounts. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision.

However if you have specific questions regarding an action being solicited by the proxy that you do not understand or you want clarification, you may contact us and we will explain the particulars. Keep in mind we will not advise you in a direction to vote, that ultimate decision will be left to you.

## FINANCIAL INFORMATION

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ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$500.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

## REQUIREMENTS FOR STATE-REGISTERED ADVISERS

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ITEM 19

Information of each of our principal executive officers and supervised persons can be found in the attached Form ADV Part 2B: Brochure Supplements.

## END OF DISCLOSURE BROCHURE

## FORM ADV: PART 2B

### BROCHURE SUPPLEMENT

# Gordon & Associates Financial Advisors, Inc.

5331 Primrose Lake Circle  
Suite 246  
Tampa, Florida 33647

### CONTACT INFORMATION

Tel: 813.289.9877  
Fax: 813.289.9878

www.gafainc.com

### SUPERVISION

**Horace C. Gordon, IV**  
Chief Compliance Officer

Phone: 813.289.9877  
e-mail: hgordon@gafainc.com

Mr. Gordon is responsible for the regulatory oversight of our advisory practice - ensuring that we are operating in compliance with our written policies and procedures.

His other duties include, but are not limited to: managing investment activities, discussing investment options with clients, and meeting with clients to evaluate financial alternatives in the preparation of financial planning documents.

BROCHURE SUPPLEMENT  
DATED

**15**  
**JUNE**  
**2017**

This Brochure Supplement provides information about Horace C. Gordon, IV that is an accompaniment to the Disclosure Brochure for our firm, Gordon & Associates Financial Advisors, Inc. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Gordon, you are welcome to contact us - our contact information is listed to the left.

Additional information about Gordon & Associates Financial Advisors, Inc. and Horace C. Gordon, IV are also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Horace C. Gordon, IV, CPA/PFS\*

CRD#: 3124686  
Year of Birth: 1965

### EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

#### Education

1987 - University of Florida: Bachelor of Science in Accounting

#### Licenses

FINRA Exams: Series 65 - Uniform Investment Adviser Law Examination

Designations: **Certified Public Accountant (CPA)** - Licensed in Florida. CPAs are licensed and regulated by their state boards of accountancy. State laws and regulations vary, but generally licensure as a CPA include at minimum: a college education with degree in accounting, minimum experience levels (at least one year of experience in accounting), and successful passage of the Uniform CPA Examination. Additionally CPAs, are generally required to complete 40 hours of continuing education and all American Institute of Certified Public Accountants (AICPA) are required to follow a rigorous Code of Professional Conduct.

**PERSONAL FINANCIAL SPECIALIST (PFS)** - The PFS credential is issued and administered by the AICPA. A PFS candidate must hold a valid and unrevoked CPA license, have fulfilled 3,000 hours of personal financial planning business experience, completed 80 hours of personal financial planning continuing education, passed a comprehensive financial planning exam, and be an active member of the AICPA. In addition, the PFS credential holder is required to complete 60 hours of continuing education every three (3) years and follow the AICPA's Statement on Responsibilities in Financial Planning Practice.

#### Business Background

- 08/1998 - Present ..... Gordon & Associates Financial Advisors, Inc.  
**Position:** President & Chief Compliance Officer
- 06/1995 - Present ..... Gordon & Associates, PA, CPA's  
**Position:** President & Accountant
- 12/1991 - 09/1995 .... Kirkland, Russ, Murphy & Tapp  
**Position:** Tax Manager
- 11/1990 - 12/1991 .... Horace C. Gordon, IV  
**Position:** Self-Employed CPA
- 05/1987 - 11/1990 .... KPMG Peat Marwick  
**Position:** Supervising Senior Tax Specialist

### DISCIPLINARY INFORMATION

Mr. Gordon does not have any disciplinary events to report.

### OTHER BUSINESS ACTIVITIES

#### Accounting Activities & Affiliations

As indicated in our firm Disclosure Brochure (See Item 10, "Other Financial Industry Activities & Affiliations" for more details), Mr. Gordon is also the President of Gordon & Associates, PA, CPA's, a full service CPA firm providing a wide range of tax, consulting and accounting services to individuals and business clients. Referrals to, from, and between the Company and Gordon & Associates can create a potential conflict of interest to our fiduciary duty to be impartial with our advice and to keep your interests ahead of our own. In being able to recommend both services, Mr. Gordon is able to influence you to keep your accounting needs and financial planning activities in-house. Before accepting recommendations to engage Mr. Gordon for either professional service, you may want to consider other options to ensure that the service we are offering is comparable or equivalent to the service you might receive from another independent firm.

### ADDITIONAL COMPENSATION

Mr. Gordon does not receive any economic benefit, sales awards, prizes or bonuses that are based on the number or amount of sales, client referrals, or from opening new accounts.

### REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Mr. Gordon has not been the subject of any arbitration claim, civil litigation, self-regulatory organization/administrative proceeding, or bankruptcy petition at any time during the past ten years.

\* The PFS designation is not regulated by the State of Florida or the Federal government. Qualifications for designation are available upon request.