Merit Advisors, Inc.

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May 9, 2013

FORM ADV PART 2

BROCHURE

This brochure provides information about the qualifications and business practices of Merit Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 405-748-5335. 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 Merit Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Merit Advisors, Inc. is 113999.

Merit Advisors, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

The following is a Summary of the Material Changes to the Part 2A disclosure brochure for Merit Advisors, Inc. which have occurred since the filing of our last annual updating amendment on January 31, 2012.

Paul Cunningham is no longer an owner, President and Chief compliance Officer of our firm. Don Dillingham is the current President, Chief Compliance Officer and principal owner.

(1) For Discretionary Investment Advisory Services:
(a) We disclosed System Research, LLC as the name of the third party services which supplies us with buy and sell signals for our Treasury Bond Management Service.
(b) We added disclosure describing the High Yield Bond Management Service With T Bond Strategy. We no longer offer the Equity Management Service.
(c) We disclosed our specific fee schedule for the various services we offer.
(d) We disclosed that our annual fee is calculated by multiplying the account value by the annual fee percentage divided by 365 and multiplied by the number of days in the billing quarter. We disclosed that fees may be charged quarterly in advance or quarterly in arrears.
(2) We added disclosure describing the Signal Services we provide and disclosed other investment advisors under types of clients.

On May 6, 2013, we amended our Part 2A disclosure brochure to disclose the following strategies which we currently offer: Managed Bond Strategy and Treasury Bond Management Strategy.

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Item 4 Advisory Business

Description of Services and Fees
We are a state registered investment adviser based in Oklahoma City, Oklahoma. We are organized as a Sub-chapter S corporation under the laws of the State of Oklahoma. We have been providing investment advisory services since 1987. Donald Dillingham is our principal owner. We provide discretionary investment timing services utilizing high yield and multi-sector bond funds as well a signal service.

The following paragraphs describe our services and fees. You may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

Discretionary Investment Advisory Services
We offer discretionary investment management services to our clients. If you want to retain our firm for investment management services, we will arrange for an interview with you in person or by telephone to discuss our philosophy, investment strategy and other relevant information. After our interview, if you decide to retain us you will enter into an asset management agreement with us and provide us with information such as your tolerance for risk and investment objectives. We will use the suitability information we gather to determine the strategy that we will use to make investments on your behalf. We do not tailor our services per client but rather place you in one of our model strategies. Your account will be invested in one or more suitable model strategies and we will automatically rebalance your account on a periodic basis as required based on the strategies described below. You may allocate your entire account to one stratgey or you may allocate a portion of your acount to each strategy.

Managed Bond Strategy: We monitor the bond market on an on-going basis and develop exchange signals using technical bond market indicators. Based on signals, under limited trading authority (discretion), we periodically make exchanges in your account between selected mutual funds/investments and money market funds or alternative funds. Depending on market conditions, the funds/investments we utilize in our managed bond strategy may include but are not limited to high yield bond funds, multi-sector bond funds, preferred equity funds, real estate investment trusts (REITs), mortgage bond funds, investment grade corporate bond funds, derivative funds, global bond funds, bank notes, bank deposits, money market mutual funds, ultra-short term bond funds and short-term bond funds.

Treasury Bond Management Strategy: This strategy uses buy and sell signals supplied by a third party, System Research, LLC, to manage accounts that invest in treasury bond funds. The strategy aims to capture movements in the U.S. 30 year government bond both in rising and falling interest rate environments.

We require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Our fee for investment timing services is based on a percentage of your assets we manage as set forth in the following fee schedule*:

MANAGED BOND STRATEGY

Assets Under Management	Max Annual Fee
On First $250,000	1.60%
On Next $749,999	1.20%
On Amounts over $1 million	0.90%

TREASURY BOND MANAGEMENT STRATEGY

Assets Under Management	Max Annual Fee
On First $250,000	1.96%
On Next $749,999	1.56%
On Amounts over $1 million	1.24%

COMBINATION OF MANAGED BOND AND TREASURY BOND MANAGEMENT STRATEGY

Assets Under Management	Max Annual Fee
On First $250,000	1.80%
On Next $749,999	1.40%
On Amounts over $1 million	1.00%

**Fee schedule effective July 1, 2013 for existing clients. Our management fee is in addition to the fees charged by the mutual funds or variable annuities you hold. See the Fees and Compensation section of this brochure for more information. If your assets are invested in both the Managed Bond Strategy and the Treasury Bond Managedment Strategy the 3rd fee schedule above will apply.*

Our annual management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. Our fee is calculated by multiplying the account value by the annual fee percentage divided by 365 and multiplied by the number of days in the billing quarter. The amount of our initial fee covers the time remaining in the current quarter, plus the next full quarter. Our management fees are negotiable and some clients of the firm may pay a flat percentage fee in lieu of a tiered fee schedule.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced management fee based on the available breakpoints in our fee schedule stated above.

You have the option of paying the management fee directly to us or by authorizing us to deduct it from your account. We will deduct our fee directly from your account only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

You or our firm may terminate the Investment Advisory Agreement within five days of signing the agreement at no penalty or expense to you and all fees refunded. Thereafter, either party may terminate the agreement with notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the Investment Advisory Agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Signal Service

We provide a signal service whereby we provide other investment advisers and institutions ("third party") with recommendations to buy and sell securities based on our Managed Bond Market model strategy. It will be the third party's responsibility to determine the suitability of the model for any of its clients and our firm will not have any relationship or responsibility with/to any of the third party's clients or to implement any of the signal recommendations provided to the third party. This service is not available to individual retail clients

Our fee will generally be based on the greater of: (1) a negotiable percentage, generally 0.25%, of the value of the assets of the third party's clients who are invested using the signal service; (2) or an agreed upon percentage, generally 20%, of the management fee charged by the third party on assets managed by the third party utilizing the signal service.

However, fees may differ from client to client and will be negotiated on a case by case basis. Our fee is charged on a monthly or quarterly basis, in advance or in arrears, based upon management fees and account values calculated as of the last day of the previous month/quarter or last day of the month/quarter, respectively. Our fee is based upon multiplying the value of the client accounts of the third party institution invested using the signals by the agreed upon percentage divided by 365 and multiplied by the number of days in the billing period.

Either party may terminate the agreement with 30 days written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the Investment Advisory Agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Types of Investments

We primarily offer advice on investment company securities (mutual funds) and variable annuities.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

Assets Under Management

As of December 31, 2012, we manage $14,718,000 in client assets on a discretionary basis. We do not manage accounts on a non-discretionary basis. As of December 31, 2012, approximately $220 million of assets were invested by clients of third parties utilizing our Signal Service.

Item 5 Fees and Compensation

Please refer to the *Advisory Business* section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy for the services we offer. Lower fees for comparable services may be available from other sources.

Additional Fees and Expenses
As part of our investment management services, we may invest, or recommend that you invest, in mutual funds. We will invest your account, when suitable, in no load mutual funds. The fees that you pay to our firm for investment management services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not receive compensation for fund recommendations nor do we share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian**.** If your funds are held in a variable annuity, you will be subject to the fees and expenses charged by the issuer who is also separate and distinct from our investment management fees. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, variable annuities, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this Brochure.

Compensation for the Sale of Insurance Products
Matthew Spangler who provides investment advice on behalf of our firm is licensed as independent insurance agent. He will earn commission-based compensation for selling insurance products, including insurance products he sells to you. Insurance commissions earned by Mr. Spangler are separate and in addition to our advisory fees. This practice presents a conflict of interest because Mr. Spangler may have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. To mitigate this conflict, we have adopted a code of ethics which requires us to act in the best interests of clients. Please refer to Item 11 for a summary of the code. You are under no obligation, contractually or otherwise, to purchase insurance products through Mr. Spangler.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

We offer investment advisory services to investment advisers, individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of $25,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Charting and Technical Analysis - Charting analysis involves the gathering and processing of price information for a particular security. This price information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to help identify changes in price patterns and trends of both the overall market and specific securities. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.
- Short Term and Frequent Trading - involves selling securities within 30 days of purchasing the same securities and frequent trading to take advantage of short-term market gains and avoid significant losses during a volatile market. Most, if not all, short term transactions will generate a short term gain or loss. Frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

Our model strategies are subject to market risk in that bonds/bond funds fluctuate in price.

We are limited to using the types of securities specified in our investment advisory agreement with you (and any amendments made to it). However, we have the discretion to substitute one security for another as long as the securities are of the same type. Your restrictions and guidelines may affect the composition of your portfolio.

We utilize active management strategies in providing investment advice to you. Active management is the strategy of making buy or sell decisions of financial assets by attempting to predict future market price movements. Our predictions are based on interpreting current trends and price changes in securities we use for our clients accounts.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian uses the FIFO accounting method as the default method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that our strategies will be profitable or will be better than a buy and hold method. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As discussed in the Advisory Business section in this Brochure, we primarily recommend the following types of investments: high yield bond funds, multi-sector bond funds, preferred equity funds, real estate investment trusts (REITs), mortgage bond funds, investment grade corporate bond funds, derivative funds, global bond funds, bank notes, bank deposits, money market mutual funds, ultra-short term bond funds, treasury bond funds and short-term bond funds. In addition, we may recommend that you purchase and/or exchange a variable annuity. You should be advised of the following risks when investing in these types of securities:

Mutual Funds are professionally managed, collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, the funds which we utilize carry increased risks as they are focused in a particular sector of the market rather than balancing the fund with different types of securities. Our strategies do not focus on credit risk of the high yield bond market and the risk of default in a bond portfolio of high yield mutual funds may be subject to greater default than higher grade funds. In addition, the returns on mutual funds can be reduced by the costs to manage the funds. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests. Our firm only uses open end, no-load funds or Class A shares where the load has been waived for our clients.

Index Funds may be more volatile than investing in broadly diversified funds. When using leveraged index funds, the use of leverage by a fund increases the risk. The more a fund invests in leveraged instruments the more the leverage will magnify gains or losses on those investments. Inverse and leveraged mutual funds are complex financial instruments that provide greater flexibility to pursue short-term capital gain opportunities and implement hedging tactics. However, due to the effects of compounding, their performance over long periods of time can differ significantly from their stated objectives, which is why they are typically unsuitable for retail investors who plan to hold them longer than one trading session. However, our firm has a sophisticated, professional, investment management team with experience using these securities. We understand the effects of compounding, leverage, and consequences of using them in our investment management activities.

A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as: mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds, and mutual funds do. Some variable annuities offer "bonus credits". These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges) the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

Item 9 Disciplinary Information

Merit Advisors, Inc. has been registered and providing investment advisory services since 1987. Neither our firm nor any of our associated persons has any reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

Financial Industry Activities
Donald L. Dillingham, President of Merit Advisors, is President of Oak Hills Securities, Inc., member FINRA and SIPC. We do not recommend Oak Hills Securities to our clients for brokerage. Mr. Dillingham does earn commission income from the placement of direct participation and private placements of securities and to date he hasn't earned any commission income from any client of Merit Advisors.

Matthew Spangler, a Vice-President of Merit Advisors is licensed as an insurance agent and appointed to do business through several insurance companies. Mr. Spangler will earn commission-based compensation for selling insurance products, including insurance products he sells to you. Insurance commissions earned by Mr. Spangler are separate from our advisory fees. This practice presents a conflict of interest because Mr. Spangler may have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. To mitigate this conflict, we have adopted a code of ethics which requires us to act in the best interests of clients. Please refer to Item 11 for a summary of the code. You are under no obligation, contractually or otherwise, to purchase insurance products through Mr. Spangler.

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

Description of Our Code of Ethics
We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of

our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Don Dillingham, President and Chief Compliance Officer at 405-748-5335.

Personal Trading Practices
Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account.

We believe that effecting transactions in mutual funds recommended to you cannot conflict with your interest in the same funds because open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, our personal transactions in mutual funds cannot impact the prices of the fund shares in which you invest.

Item 12 Brokerage Practices

We regularly recommend broker-dealers, mutual funds and life insurance companies to our clients who can offer funds that allow frequent exchanges, and who allow us to exercise trading authority on the account. The final choice of custodian rests with the client. Our criteria for the recommendation of a broker-dealer include: (a) availability of suitable mutual funds, (b) efficient execution of orders, and (c) the financial strength and reputation of the broker-dealer.

If your account is held in a variable annuity, we check to see what types of funds are offered by the existing insurance company and what their exchange policies are. If we cannot manage your annuity at the existing company, and your annuity is no longer subject to a surrender penalty, we can assist you in moving it (through a tax-free transfer called a 1035 exchange) to a company which offers funds utilized/recommended by our firm.

Brokerage for Client Referrals
We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage
You may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this may prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Block Trades
We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading") because we invest mainly in mutual funds which do not trade in blocks.

Item 13 Review of Accounts

Don Dillingham, President and Chief Compliance Officer of our firm, will review each new account for suitability at the time it is established and will conduct account reviews at the end of each quarter and at the end of each year to ensure the investment management services provided to you are consistent with your stated investment needs and objectives. Annual reviews are designed to let you how your investments have performed over the past 12 months and to update our files with any changes in your financial circumstances or investment goals. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals;
- year-end tax planning;
- market moving events;
- security specific events; and/or,
- changes in your risk/return objectives.

You will receive monthly or quarterly statements directly from the custodian of your account. We will also provide you with written quarterly reports stating the value of your account and the amount of our investment management fee for the next quarter.

Item 14 Client Referrals and Other Compensation

We directly compensate individuals and/or entities (solicitors) for client referrals. In order to receive a cash referral fee from our firm, solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a solicitor, you should have received a copy of this Disclosure Brochure along with the solicitor's disclosure statement at the time of the referral. If you become a client, the solicitor that referred you to our firm will receive 50% of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a solicitor are contingent upon you entering into an Investment Advisory Agreement with our firm. Therefore, a solicitor has a financial incentive to recommend our firm to you for investment management services. This creates a conflict of interest; however, you are not obligated to retain our firm for investment management services. Comparable services and/or lower fees may be available through other firms.

We have entered into contractual arrangements with Donald Dillingham and Matthew Spangler, employees of our firm who receive compensation for the establishment of new client relationships. They must comply with the requirements of the jurisdiction where they operate. The compensation is equal 50% of the advisory fee collected from you for as long as you are a client with our firm, or until such time as our agreement with Mr. Dillingham or Mr. Spangler expires. You will not be charged additional fees based on this compensation arrangement. Incentive based compensation paid to Mr. Dillingham or Mr. Spangler is contingent upon you entering into an advisory agreement with our firm. Therefore, Mr. Dillingham and Mr. Spangler have a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Item 15 Custody

In the event we debit our advisory fees directly from your account, our ability to do so causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custo dian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us at 1-800-749-3072**.**

Item 16 Investment Discretion

In order to provide you advisory services, you are required to grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Before we can buy or sell securities on your behalf, you must first sign our discretionary investment advisory agreement and/or trading authorization forms. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this Brochure for more information on our discretionary management services.

Item 17 Voting Client Securities

Proxy Voting
We will not vote proxies on behalf of your investment management accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than $500 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

Item 19 Requirements for State Registered Advisers

Donald Dillingham is our principal owner. Please refer to the Part(s) 2B for background information about management personnel, time spent on other business activities, and background information on those giving advice on behalf of our firm.

Neither our firm, nor any of our Associated Persons are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-By-Side Management" section above for additional information on this topic.

Neither our firm, nor any of our Associated Persons have any reportable arbitration claims, civil, self-regulatory organization proceeding or administrative proceedings regarding the following:

- an investment or an *investment-related* business or activity;
- fraud, false statement(s), or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices.

Neither our firm, nor any of our Associated Persons have a material relationship or arrangement with any issuer of securities.

All material conflicts of interest under California Code of Regulations Section 260.238 (k) are disclosed regarding our firm, our representatives and our employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

Item 20 Additional Information

Your Privacy
We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Don Dillingham, President and Chief Compliance Officer at 405-748-5335 if you have any questions regarding this policy.

Trade Errors
In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.