



FEE-ONLY® Financial Planning

FORM ADV DISCLOSURE STATEMENT

DESCRIPTION OF SERVICES & FEES

Hornquist Financial provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Hornquist Financial is strictly a FEE-ONLY® financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted. No referral fees are paid.

Investment strategy for a client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

A written evaluation of each client's initial situation is sent to the client, often in the form of a balance sheet. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g. lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting is \$50.00 and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Client relationships vary in scope and length of service. The following agreements define the typical client relationships:

FINANCIAL PLANNING AGREEMENT

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of all investment accounts, including reviewing asset allocation and providing repositioning recommendations; tax planning; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments. The fee for a financial plan is predicated upon the facts known at the start of the engagement. The minimum fee is \$2000 and is not negotiable.

A deposit of 50% of the fee is payable at contract signing. The balance is payable upon delivery of the financial plan.

In the event that the Client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided by mutual agreement. The Client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Additional implementation work is billed separately at a rate of \$175 per hour. Limited scope engagements are also billed at \$175 per hour.

COMPREHENSIVE FINANCIAL AGREEMENT

Most clients choose to have Hornquist Financial manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed. Realistic and measurable goals

Are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for a Comprehensive Financial Agreement is provided to the client in writing prior to the start of the relationship. A Comprehensive Financial Agreement includes: cash flow management; insurance review; investment management; retirement planning; and estate planning, as well as the implementation of recommendations within each area.

The Comprehensive Financial Agreement fee is based on a percentage of the assets invested, according to the following schedule:

2% on the first \$100,000

1.5% on the next \$400,000 (from 100,001 to 500,000)

1.0% on the next \$500,000 (from 501,000 to 1,000,000)

.5% on assets above \$1,000,000

See Hornquist Financial Wealth Management Agreement for fee schedule over \$2,000,000

The minimum annual fee is \$2,000 and is not negotiable.

Fees are billed quarterly, in arrears. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client asset account to facilitate billing. The client must consent in advance to direct debiting of their account.

Although the Comprehensive Financial Agreement is an ongoing process and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed after the first year. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

An Investment Advisory Agreement may be executed when financial planning is not provided as part of the relationship.

Agreements may not be assigned without client consent.

REGULATORY INFORMATION

Hornquist Financial is a registered investment advisor with the state of Minnesota. In conjunction with each Client engagement, a copy of Form ADV, Part II, must be delivered to the Client; alternately, a "brochure" containing the same material information may be provided. This Form ADV Disclosure Statement containing the same material information is provided in lieu of Form ADV, Part II.

1. Advisory Services

Hornquist Financial provides investment supervisory services, also known as asset management services, and furnishes investment advice through consultations. On more than an occasional basis, the firm furnishes advice to clients on matters not involving securities, typically financial planning matters and taxation issues.

2. Types of Clients

Primary emphasis is on individuals and small businesses. Clients may also include: pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities.

3. Types of Investments

Assets are invested primarily in no-load or low-load mutual funds and ETFs, usually through the custodian, FISERV Investment Support Services or the mutual fund company. The mutual fund company charges each mutual fund shareholder an investment management fee that is disclosed in the mutual fund prospectus. The custodian, FISERV, may charge a transaction fee for the purchase of some mutual funds and ETFs. Stocks and Bonds may be purchased through a custodial account when appropriate. The custodial firm usually charges a fee for stock and bond trades. Hornquist Financial does not receive any compensation, in any form, from mutual fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual fund shares), U.S. government securities, option contracts, and interest in partnerships. Initial public offerings (IPOs) are not available through Hornquist Financial.

4. Methods of Analysis, Sources of Information, and Investment Strategies
Security analysis methods may include fundamental analysis.

The main sources of information are: financial newspapers and magazines, tax-related subscriptions, inspection of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases.

Other sources of information that Hornquist Financial may use include Morningstar mutual fund information, Morningstar stock information, Fidelity research, Advisor Intelligence, and the World Wide Web.

The primary investment strategy used on client accounts is passive portfolio strategy and asset allocation. Other strategies may include: long-term purchases, short-term purchases, buying put or call options.

5. Education and Business Standards

Hornquist Financial requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning. Examples of acceptable coursework include an MBA, a CFP®. A CFA, a ChFC, JD or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

6. Education and Business Background

Dana J Hornquist, CFP® was born on April 27, 1960. He graduated from Milaca High School, (1978) He has a Bachelor of Arts from Gustavus Adolphus College, (1982) Designated a Naval Aviator, (1985) Received a Financial Planning Certificate from Utah State University, (2006) and a **CERTIFIED FINANCIAL PLANNER™**, (2007)

He has worked for five years with Prudential Financial, (1998) He has been employed an insurance agent since 1989 with several companies most recently Hornquist Associates. He is a member of National Association of Personal Financial Advisors (NAPFA) and the Financial Planning Association (FPA)

Dana J Hornquist is the Chief Compliance Officer of Hornquist Financial.

7. Other Financial Industry Activities or Affiliations: National Association of Christian Financial Consultants. (NACFC)

8. Participation or Interest in Client Transactions:

Hornquist Financial and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. All trades must be documented on a Trade Record form. Employees comply with the provisions of the Hornquist Financial Compliance Manual.

9. Conditions for Managing Accounts

Conditions for each type of relationship are explained under Description of Services & Fees, Financial Planning Agreement, and Comprehensive Financial Agreement.

10. Review of Accounts

Account reviews are performed quarterly by Dana J Hornquist, CFP®. Account reviews are performed more frequently when market conditions dictate.

Consideration is given to the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client

Other conditions that may trigger a review are: changes in the tax laws, new investment information, change in a client's own situation, need to raise cash, etc.

Clients receive periodic communications on at least an annual basis. Annual written updates are provided as a minimum. Comprehensive Financial Agreement clients receive quarterly updates. The updates may include a balance sheet, portfolio sheet, and a summary of objectives and progress towards meeting those objectives.

11. Investment or Brokerage Discretion

Hornquist Financial does not have the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The client approves the custodian to be used and the commission rates paid to the custodian. Hornquist Financial does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

Hornquist Financial has an affiliation with FISERV Investment Support Services. Specific custodian recommendations are made to Clients based on their need for such services. Hornquist Financial realizes a client may use another custodian and recommends a custodian only bases on the proven integrity and financial responsibility of the firm and best execution of orders at reasonable commission rates.

Hornquist Financial does not vote proxies on securities. Clients are expected to vote their own proxies. When assistance on voting proxies is requested, Hornquist Financial will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Hornquist Financial recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab & Co., Fidelity Investments, TD Ameritrade, and others. Hornquist Financial has a custodial agreement with FISERV ISS. Hornquist Financial does not receive any fees or commissions from any of these arrangements.

12. Additional Compensation and Marketing Considerations

Hornquist Financial has paid the National Association of Personal Financial Advisors (NAPFA) a fee of \$125 to have Hornquist Financials web site listed on NAPFA's web site. This one-time fee is not dependent upon the number of referrals received as a result of the listing. The only restriction regarding ongoing listing is continued membership in NAPFA.

Hornquist Financial has paid the Financial Planning Association (FPA) a fee of \$250 to list the Hornquist Financial web site on the FPA's web site. Further, Hornquist Financial pays a \$99 annual fee for an enhanced listing. These fees are not dependent upon the number of referrals received as a result of the listing. The only ongoing restriction is continued membership in the FPA.

Hornquist Financial pays a small monthly fee of \$140 to be listed in the Paladin Registry (www.paladinregistry.com). The fee is not dependent upon the number of referrals received as a result of the listing.

Hornquist Financial compensates www.wiseradvisor.com, a web-based client matching service, for referrals. The referral fee is approximately \$50 per referral. The use of this matching service does not increase or otherwise change the advisory fee schedule (cited above) for a client.

Hornquist Financial compensates www.advisomow.com, a web-based client matching service, for referrals. The referral fee is approximately \$50 per referral. The use of this matching service does not increase or otherwise change the advisory fee schedule (cited above) for a client.

13. Balance Sheet

Not required. Hornquist Financial does not serve as custodian for client funds or securities, and does not require prepayment of fees of more than \$500 and more than six months in advance. Hornquist Financials Employer Identification number is: 38-3739845. Dana J Hornquist is 100% stockholder.

14. Business Continuity Plan

Hornquist Financial has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. The plan covers natural disasters such as snowstorms, hurricanes, tornadoes, and flooding. The plan covers man-made disasters such as loss of electric power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, Internet cable outage, internet outage, railway accident and aircraft accident. Electronic files are backed up and stored offsite. Two alternate offices are identified to support ongoing operations in the event the main office is unavailable.

15. Privacy Statement

Hornquist Financial is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g. credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your custodial firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and State securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Statement to you annually, in writing.

16. Code of Ethics

The employees of Hornquist Financial have committed to a Code of Ethics that is available for review by clients and prospective clients upon request.