

**Charleston Financial Advisors, LLC**  
A Registered Investment Advisor  
with the Securities and Exchange Commission

4 North Atlantic Wharf  
Suite 200  
Charleston, SC 29401  
[www.CharlestonFinancial.net](http://www.CharlestonFinancial.net)

February 21, 2024

This brochure provides clients and prospective clients with information about Charleston Financial Advisors, LLC and the qualifications, business practices and nature of its services that should be carefully considered before becoming an advisory client. If you have any questions about the contents of this brochure, please contact us. Our office is located at 4 North Atlantic Wharf, Suite 200, Charleston, SC 29401-2168 and our phone number is 843-722-3331 or you can e-mail [diane@charlestonfinancial.net](mailto:diane@charlestonfinancial.net). Our office hours are by appointment, Monday through Friday, except for official holidays.

The contents of this brochure have not been approved or verified by the Securities and Exchange Commission ("SEC") or any other state or federal authority. While the firm and its personnel are registered with the SEC, it does not imply a certain level of skill or training on the part of the firm or its staff. If you have any questions about the contents of this brochure, please contact us at 843-722-3331.

Additional information about Charleston Financial Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A search of this site for the firm can be accomplished by its unique identifier known as an IARD number. The IARD number for Charleston Financial Advisors, LLC is 137536. Charleston Financial Advisors, LLC's SEC Number is 801-107090. Charleston Financial Advisors, LLC's IRS Employer Identification Number is 54-2165266. The Chief Compliance Officer is Diane Blackwelder.

## Item 2: MATERIAL CHANGES

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The following material changes have been made since the last filing:

- Item 1 has been updated to reflect the change in our Chief Compliance Officer.
- Item 4 has been updated to reflect our assets under management as of 12/31/2023.
- Item 15 has been amended to reflect our utilization of SLOAs and the custodial safeguards we follow accordingly.

## Item 3: TABLE OF CONTENTS

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### ADV PART 2A

Item 1:	Cover Page	PAGE 1
Item 2:	Material Changes	PAGE 1
Item 3:	Table of Contents	PAGE 2
Item 4:	Advisory Business	PAGE 3
Item 5:	Fees and Compensation	PAGE 4
Item 6:	Performance Based Fees	PAGE 7
Item 7:	Types of Clients	PAGE 8
Item 8:	Methods of Analysis, Investment Strategy And Risk of Loss	PAGE 8
Item 9:	Disciplinary Information	PAGE 12
Item 10:	Other Financial Industry Activities and Affiliations	PAGE 13
Item 11:	Code of Ethics, Participation or Interest in Client Transaction and Personal Trading	PAGE 13
Item 12:	Brokerage Practices	PAGE 14
Item 13:	Review of Accounts	PAGE 16
Item 14:	Client Referrals and Other Compensation	PAGE 16
Item 15:	Custody	PAGE 17
Item 16:	Investment Discretion	PAGE 17
Item 17:	Voting Client Securities	PAGE 18
Item 18:	Financial Information	PAGE 18
	Thank You	PAGE 18

## Item 4: ADVISORY BUSINESS

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### Description of the Firm

William C. Prewitt, M.S., CFP® started the firm in 1986 as a sole proprietorship. In December 2004 he reorganized it as a single member LLC. In January 2011 he re-formed it as a multimember LLC with Diane Blackwelder, CFP®: she owns more than 5% of the firm. In January 2016, Myles B. Brandt, M.S., CFP® became a more than 5% owner of the firm. On January 1, 2018 Prewitt completed sale of all his equity interests to Blackwelder and Brandt, who are equal co-owners. There are no other owners.

We work with clients on a fee-only basis, meaning we do not accept commissions or wrap fee programs of any kind. We feel this is the most objective way to provide financial advice. We work with clients as *fiduciaries*, meaning our only loyalty is to our clients – not to a brokerage firm nor to a mutual fund company nor to a third party. We feel this is the best way to provide financial advice.

The Registrant has voluntarily subscribed to the “Best Practices for Financial Advisors” published by The Institute for the Fiduciary Standard. The Best Practices offer a simple code of conduct and outline a commitment to clients of subscribing financial advisors. They seek to clearly articulate what a client can expect to receive from a subscribing financial advisor. These Best Practices do not replace our regulatory compliance obligations or duties to clients under relevant laws, rules, or regulations. The Institute for the Fiduciary Standard’s role is limited to publishing the Best Practices as well as maintaining a corresponding register of subscribing financial advisors. You can find a complete list of the Best Practices on our [website](#) or at [The Fiduciary Institute](#)<sup>1</sup> and verify our subscription status at [Real Fiduciary™ Practices Advisory Registry](#).<sup>2</sup>

### Advisory Services

#### Financial Planning and Investment Consultation Services

Charleston Financial Advisors, LLC works with financial planning clients on either an *hourly* basis or a *fixed, project-based* basis. These services may be general in nature or focused on a particular area of interest or need, depending upon the client's unique circumstances.

A complimentary initial meeting is conducted by a qualified representative of the firm to determine the scope of services to be provided. Following the initial meeting, the client completes fact finder documents and schedules a data meeting. Based on the level of services desired, the firm provides financial planning and investment consultation services relating to various components which may be either broad based or modular.

Advice is offered on subjects such as retirement planning, risk management, college planning, investment planning, divorce settlement, and estate planning.

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<sup>1</sup> <https://thefiduciaryinstitute.org/wp-content/uploads/2019/03/Real-Fiduciary-Practices-2019-02-22.pdf>

<sup>2</sup> <https://thefiduciaryinstitute.org/real-fiduciary-advisors/>

### Investment Supervisory and Asset Management Services

Charleston Financial Advisors, LLC provides investment supervisory and asset management services to clients through portfolios deemed appropriate to the client's investment objectives and tolerance for risk. Portfolios adhere to a passive management strategy using targeted asset categories to build a diversified portfolio. The portfolio is fully invested within the client's risk tolerance and is rebalanced as required.

### Schwab Wealth Investment Advisory, Inc.

We also provide portfolio management services through Schwab Institutional Intelligent Portfolios™ (IIP), an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (SWIA). Through IIP, we offer clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds (ETFs), mutual funds and a cash allocation. The client's portfolio is held in a brokerage account opened by Charles Schwab & Co., Inc. (Schwab).

We, and not Schwab, are the client's investment advisor and primary point of contact with respect to IIP. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of IIP for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. SWIA's role is limited to delivering IIP Disclosure Brochure to clients and administering IIP so that it operates as described in IIP Disclosure Brochure. SWIA charges an annual fee of .10% which is waived for our firm due to having more than 100 Million custodied at Schwab.

### **Wrap Fee Programs**

We do not manage client accounts as part of a wrap or bundled fee program.

### **Assets Under Management**

As of December 31, 2023, Charleston Financial Advisors, LLC managed \$206,091,262 on a discretionary basis and \$4,618,044 on a non-discretionary basis.

## **Item 5: FEES and COMPENSATION**

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Charleston Financial Advisors, LLC receives its fees from investment supervisory services and hourly or fixed, project based financial planning services on financial matters that do not involve securities. All fees are negotiable.

### **Fee Schedule**

#### Financial Planning and Investments Consultation Services - Fees

Hourly financial planning fees, to include divorce services, can range anywhere from \$100 to \$400 per hour depending on the complexity of the case and the staff member providing the services. All work accomplished will be charged against the initial deposit as outlined in the Hourly Consultation Agreement. Once the time is exhausted, remaining work will be billed as agreed.

For fixed and project-based financial planning clients, the fee is agreed upon through an engagement letter. One-half of the fee is due before work has begun and the balance comes due at the completion of the last written report meeting. CFA will exert reasonable efforts to move the process along in a timely manner. Should the engagement extend beyond the agreed upon timeframe, we will mutually regroup to determine whether continuing the engagement remains in the clients' best interest.

#### Investment Supervisory and Asset Management Services

Asset management fees are charged either as a percentage of assets under management or on a fee basis. There is a minimum fee of \$1,000 annually, which can be waived at our discretion. Asset management fees as a percentage of assets managed are bracketed as followed:

<u>Assets Under Management</u>	<u>Fee per Calendar Quarter</u>
Up to \$500,000	.25% or (\$250 minimum)
\$500,001 to \$1,500,000	.225%
\$1,500,001 to \$3,000,000	.200%
\$3,000,001 to \$5,000,000	.175%
\$5,000,001 to \$7,500,000	.150%
Above \$7,500,001+	.125%

Example: Client with \$750,000 under management on the last day of the Calendar Quarter;

\$500,000 * 0.25%	=	\$1,250.00
\$250,000* 0.225%.	=	<u>562.50</u>
Total Fee		\$1,812.50

Flat Fees are negotiated bi-annually and may be offered to clients who have \$2,000,000 or more under management. During the term of the agreement, the fee stays the same, regardless of account values, trading activity, or financial consulting rendered. This method provides a way to predict outlays for our services during the period of the agreement. An estimate of the value of the service is mutually agreed upon and billing occurs quarterly.

#### Schwab Wealth Investment Advisory, Inc.

As described in Item 4 Advisory Business, clients do not pay fees to SWIA or brokerage commissions or other fees to Schwab as part of IIP. Schwab does receive other revenues in connection with IIP such as management fees on Schwab ETFs (if used) and management fees on the cash allocation. Because these fees are minimal and would otherwise be paid to another provider, they only contribute to the overall cost savings for the client and do not affect our assessment of what is in the best interests of our clients.

### **Billing Method**

Asset management fees are paid quarterly *in advance* and can either be deducted from the client's account or billed directly to the client, whichever is preferred.

### Fees as a Percentage of Assets

The fee as a percentage of assets is based on the value of the Assets Under Management for each “client household” on the last day of the previous quarter. The formula used for the calculation is as follows:  $(\text{Value on Last Day of the previous quarter}) \times (\text{the quarterly fee factor}^3)$ .

For billing purposes, we aggregate client accounts that have family or business relationships with each other. A “client household” means an individual and his or her spouse or domestic partner, his or her minor children, a business under his or her control, or a trust where he or she is a trustee.

For new clients, the investment management fee payment is a pro-rata calculation. The calculation is based on the actual number of days remaining in the calendar quarter. The formula used to calculate is as follows:  $(\text{Number of Days Remaining in Quarter}) / (\text{Number of days in quarter}) \times (\text{Value on Billing Start Date}) \times (\text{the quarterly fee factor})$ .

Our billing date is based on the close of day value of the last day of the month, the same as a custodian’s statement. A discrepancy between our statement and a custodian’s statement may arise when a client has accrued interest, which we count toward the value of the account. We employ Black Diamond to reconcile our stated value with those of the custodian.

### By All Accounts – Aggregation Services

Charleston Financial Advisors, LLC monitors accounts held by custodians other than Charles Schwab & Co. This process, known as “account aggregation”, helps us consider the full scope of a client’s financial situation and assists the client in measuring the performance of outside investments compared to those managed by Charleston Financial Advisors, LLC. Assets under this plan are billed at half the rate of assets under management (described in the fee schedule); a client using this service executes a supplemental agreement.

Under this arrangement, the advice given to the client is based on a point in time for which the information is provided to Charleston Financial Advisors, LLC. The client is responsible for placing trades in held away accounts for which we provide investment advice, but do not maintain trading authority. Charleston Financial Advisors, LLC will not provide portfolio management or execution services on these accounts.

### Cash Balances Policy

Our normal management fee will be charged on cash and cash equivalents to the extent that it is part of the overall allocation and is used to carry out the client’s investment strategy. If the cash is earmarked to be held outside of the client’s portfolio allocation (for example, the client plans to distribute the funds and does not want it invested or the funds are held in reserve), that amount may be considered not billable. As many clients deposit and withdraw cash regularly and/or frequently, cash and cash equivalents do generally require a level of strategy and management by the advisor.

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<sup>3</sup> The quarterly fee factor is the calculated fee amount divided by the account value. In the example above, the total fee is \$1,812.50. The account value is \$750,000. The quarterly fee factor is  $\text{Total Fee} / \text{Account Value} = \$1,812.50 / \$750,000 = 0.2417\%$ .

### **Other Fees and Expenses:**

Our investment management fees do not include Schwab's transaction fees. Clients pay all brokerage commissions (transaction fees), transfer fees, and/or other similar charges incurred in connection with transactions in the accounts.

In addition, any mutual fund shares and/or ETF's held in a client's account may be subject to fund related fees and expenses as described in the prospectus of the mutual fund or ETF. All fees paid to Charleston Financial Advisors, LLC are separate from the fees and expenses charged by mutual funds and ETF's.

Either a client or Charleston Financial Advisors, LLC may terminate the Asset Management agreement. A pro-rated refund for unperformed services will be arranged before the end of the billing period provided a client ends the relationship with two weeks prior notice. Charleston Financial Advisors, LLC will not liquidate any securities in the client's account without authorization from the clients. All securities in the client's account will remain in the client's accounts and under custody with the retail divisions of Schwab. A client can contact Schwab directly and self-manage their accounts.

### **Obtaining a Refund**

Investment management fees are paid in advance. Clients can cancel at any time. Once the client has either de-linked from our master or transferred to another custodian, a refund will be issued for the balance of the quarter remaining for underperformed services. The unperformed days remaining are divided by the days in the quarter to determine the refund.

Financial Planning fees and project fees are paid by 50% initial deposit. If services are cancelled after work has begun, the initial deposit is forfeited.

### **Other Compensation**

Neither Charleston Financial Advisors, LLC nor any person providing investment advice on its behalf, accepts any compensation or revenue in connection with advisory services except the investment management fees or financial planning fees charged directly to the clients as stated in the Fee Schedule in Item 5.

## **Item 6: PERFORMANCE BASED FEES**

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Charleston Financial Advisors, LLC *does not* charge performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.



## Item 7: TYPES OF CLIENTS

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Charleston Financial Advisors, LLC generally provides fiduciary financial advice to individuals of all stages of life, as well as pensions and profit-sharing plans, trusts, estates, charitable organizations, and corporations. This includes financial planning advice and asset management.

For our hourly financial planning, project, and consulting engagements, we do not require minimums as to income, assets, net worth, length of engagement, revenues generated or other conditions for engaging our services.

There is no minimum account size required for asset management services. However, there is a minimum fee of \$250 per quarter so clients are encouraged to have enough under management to be in their best interest. This minimum can be waived at our discretion.

### Schwab Wealth Investment Advisory, Inc.

Clients eligible to enroll in IIP include individuals, IRAs, custodial accounts and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for IIP. The minimum investment required to open an account in IIP is \$5,000. IIP Disclosure Brochure describes related minimum required account balances for maintenance of the account, automatic rebalancing, and tax-loss harvesting. More information regarding the IIP can be found here: <https://www.schwab.com/system/file/P-12663308>.

## Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, & RISK OF LOSS

### Methods of Analysis

If CFA is engaged to provide investment advice, CFA will first evaluate several factors including the client's financial situation, current and long-term needs, investment goals and objectives, level of investment knowledge, and tolerance for risk. Asset allocation and investment policy decisions are made to help the client achieve their overall financial objectives while minimizing risk exposure using analysis of the above factors and our best professional judgement.

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CFA creates broadly diversified, low-cost investment strategies primarily using Mutual Funds and Exchange Traded Funds (ETFs). CFA uses historical long-term returns and risk measurements to inform our expectations regarding the risk-return relationship of a portfolio. Investing in securities involves risk of loss that clients should be prepared to bear.

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Research and recommendations may be drawn from sources that include financial publications, investment analysis and reporting software, government regulators or agencies, research materials from outside sources, corporate rating services or inspections, annual reports, prospectuses and other regulatory filings, and company press releases. CFA makes asset allocation and investment policy decisions based on these and other factors. Although CFA

believes our sources to be credible, CFA cannot guarantee the completeness, genuineness or accuracy of such information and data.

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### Investment Strategies

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CFA employs a long-term asset allocation approach with changes or rebalancing when prudent. Funds are typically fully invested at the client's risk level. Low-cost, index-based funds are preferred as CFA believes they reduce material risks.

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CFA believes the appropriate allocation of assets across diverse investment categories (i.e., stock vs. bond, foreign vs. domestic, large cap. vs. small cap., high quality vs. high yield, etc.) is the primary determinant of portfolio returns and is critical to the long-term success of a client's financial objectives.

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Particular attention is given to determining and maintaining a client's risk level. CFA prepares an Investment Policy Statement (IPS) targeting the degree of risk the client desires to bear. CFA equates the basic exposure to equity securities and fixed income securities to be the degree of risk for a given portfolio. A client can request a change to the risk level of their IPS at any time. This asset allocation may be employed on an account level or a portfolio level if a portfolio contains more than one account. While still maintaining the overall asset allocation, CFA may place different assets in different accounts, a process known as Asset Location, to yield a desired result. Asset Location goals may include minimizing the long-term tax costs of a portfolio or targeting the risk level in one or more accounts. This will lead to accounts in the same portfolio to have different performance and risk characteristics.

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Trading in the portfolio is normally triggered by a variance to the target risk level occurring from market activity, deposits and withdrawals in accounts or other activity such as tax-loss or gain harvesting. Attention is given to making the trades efficient for the client in order to minimize transaction costs and tax liabilities.

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Investment strategies used to implement investment advice given to clients include long-term and short-term purchases. CFA primarily provides investment advice on publicly traded equity and fixed-income securities (including mutual funds, exchange-traded funds, individually listed securities, certificates of deposit, and municipal securities). In limited circumstances, CFA also provides investment advice on: investment company securities (including variable life insurance and variable annuities), options contracts and option writing (including covered options, uncovered options or spreading strategies), futures contracts (including tangibles and intangibles), interests in partnerships investing in real estate, oil and gas interests, and margin transactions.

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In the case of pre-existing or inherited assets which have been acquired prior to a relationship with CFA, CFA is not accountable for previous advice regarding said investments. CFA may,

however, assess whether to liquidate or retain investments acquired prior to or outside the scope of the Client's relationship with CFA.

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### Risk of Loss

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Investing inherently involves risk up to and including loss of the principal sum. Past performance of any security or strategy is not necessarily indicative of future results. As such, CFA cannot guarantee or promise that an investment objective or planning goal will be achieved. Each client must be able to bear the various risks involved in the investment of account assets, examples of which are described in the following paragraphs.

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Market Risk. Investment returns will fluctuate based upon changes in the value of the portfolio's securities. Certain securities held may be worth less than the price originally paid for them, or less than they were worth at an earlier time. Investments are subject to the risk that an entire market falls, this is known as systemic, systematic, or market risk.

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Equity (Stock) and Company Risk. Investments in common stocks, both directly and indirectly through investment in shares of Mutual Funds or ETFs, may fluctuate in value in response to many factors, including, but not limited to, the activities of the individual companies, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations subject certain strategies to potential losses. During temporary or extended bear markets, the value of common stocks may decline, which may result in losses for each strategy.

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Inflation, Currency, and Interest Rate Risks. Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by CFA may be affected by the risk that currency devaluations affect Client purchasing power.

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Fixed Income Risks. CFA may invest portions of Client assets into various forms of fixed income instruments such as bonds, money market funds, bond Mutual Funds, bond ETFs, or certificates of deposit. While these investments are generally less volatile than equity investments, they nevertheless are subject to risks which include, without limitation, credit risk (the risk of default by borrowers), duration and maturity risk (the risk that fixed income investments will change in value from issuance to maturity), interest rate risk (the risk that changes in interest rates will devalue the investment), liquidity risk (the inability to readily buy or sell a security close to the true underlying value due to a lack of buyers or sellers), and reinvestment risk (the risk that interest income or principal is reinvested at a lower rate).

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Legislative and Tax Risk. Investments may directly or indirectly be affected by government legislation or regulation, which may include but is not limited to: changes in investment advisor

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or securities trading regulation, changes in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities, and changes in the tax code that could affect interest income, income characterization or tax reporting obligations.

Mutual Fund and Exchange Traded Funds (ETFs) Risks. Any investment in a mutual fund or ETF involves risk, including the loss of principal. Shareholders are necessarily subject to the risks of the fund's underlying portfolio securities such as market, company, industry, interest rate, currency, credit, political or legislative, etc. Shareholders are also subject to the risk that the manager may deviate from or underperform their benchmark. Shareholders are also liable for taxes on any interest or dividends the fund distributes and any capital gain the fund incurs that is not offset by a corresponding loss.

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Mutual Funds are generally distributed and redeemed by the fund itself or a broker acting on its behalf. The price at which shares are transacted is the fund's stated daily per share net asset value (NAV), plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees) and is calculated at the end of each business day, although it fluctuates throughout the day.

ETFs shares are listed on securities exchanges and trade throughout the business day on the secondary market. ETFs typically trade at or near their most recent NAV, which is calculated periodically throughout the business day. Certain inefficiencies may cause shares to trade above or below the fund's NAV, typically during periods of market stress. There is no guarantee that an active and liquid secondary market will develop or continue to exist.

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Private Investment Fund Risks. CFA does not generally recommend private investment funds. In the limited circumstances that it does or advises on pre-existing private investment funds, clients should be aware these investments involve various risks including, without limitation, liquidity constraints, lack of transparency, and the potential for a complete loss of principal. Private investment funds generally do not provide daily liquidity or pricing.

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Foreign Investing and Emerging Markets Risk. Investments in foreign and emerging markets involve risks not typically associated with U.S. investments. These may include but are not limited to: the potential for adverse fluctuations in foreign currency, adverse political, social, or economic developments, more volatile or less liquid securities markets, limited publicly available information, less transparent accounting, and changes in foreign regulations or tax laws.

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Environmental, Social, and Governance (ESG) Risks. CFA does not primarily invest Client assets in ESG oriented investments. However, a client may request their portfolio include ESG oriented investments or they may already hold them. ESG oriented investments may be subject to risks in addition to those of non-ESG oriented investments in Mutual Funds or ETFs. ESG screens may limit the number of investment opportunities available to an investment, and as a result, at times the investment may underperform funds that are not subject to such special investment conditions. For example, the fund may decline to purchase certain securities when it is otherwise advantageous to do so, or the fund may sell certain securities for ESG reasons when

it is otherwise disadvantageous to do so. There is no guarantee that the investments will reflect the ESG considerations of any particular investor.

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Advisory Risk. There is no guarantee that our judgment or investment decisions on behalf of a particular account will necessarily produce the intended results. Our judgment may prove to be incorrect, and an account might not achieve its investment objectives. In addition, it is possible that we may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to custodian software. CFA is not responsible for any losses unless caused by a breach of our fiduciary duty.

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Held Away Risk. Where client seeks advice from CFA regarding held away assets, such advice is only valid at the time it is given. As assets are held away and must be implemented by clients, CFA also cannot guarantee best execution of these transactions. When client seeks advice for held away assets, there is a risk of loss, particularly where the advice is implemented by client at a point in time when the market has fluctuated from the time the advice is given, or when utilizing a custodian with which CFA cannot guarantee best execution.

Key Employee Risk. The loss of a key employee may adversely impact CFA's ability to achieve a client's investment goals and objectives.

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Information Security Risk. CFA may be susceptible to risks to the confidentiality and security of its operations and proprietary and customer information. Information risks, including theft or corruption of electronically stored data, denial of service attacks on our website or websites of our third-party service providers, and the unauthorized release of confidential information are a few of the more common risks faced by CFA and other investment advisers. Data security breaches of our electronic data infrastructure could have the effect of disrupting our operations and compromising our customers' confidential and personally identifiable information. Such breaches could result in an inability of CFA to conduct business, potential losses, including identity theft and theft of investment funds from customers, and other adverse consequences to customers. CFA has taken and will continue to take steps to detect and limit the risks associated with these threats using such methods as employing outside consultants, employee training, and periodic monitoring.

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#### Schwab Wealth Investment Advisory, Inc.

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IIP Disclosure Brochure includes a discussion of various risks associated with IIP, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, IIP Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.

## Item 9: DISCIPLINARY INFORMATION

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None on file.

## Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS

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The principal business of Charleston Financial Advisors, LLC and its principal executive officers is providing financial planning and investment advice. Charleston Financial Advisors, LLC and its principal executive officers are not engaged in any other business, nor do they sell products or services other than the services stated above.

Charleston Financial Advisors, LLC is not registered nor have an application pending as a securities broker-dealer, futures commission merchant, and commodity pool operator or as a commodity trading adviser. However, it does have arrangements (refer to Item 12) that are material to both its advisory business and its clients Charles Schwab & Co. Institutional executes trades authorized by Charleston Financial Advisors, LLC for client accounts. Neither the principals nor employees of Charleston Financial Advisors, LLC are a related person who is a broker-dealer.

## Item 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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Our Code of Ethics is available to any client or prospective client upon request. Neither Charleston Financial Advisors, LLC nor any related person as principal buys securities from or sells securities it owns to any client. It also does not, as broker or agent, affect securities transactions for compensation for any client. Nor does it, as broker or agent for any person other than a client, affect transactions in which client securities are bought from or sold to a brokerage customer. It does not recommend to clients that they buy or sell securities or investment products in which the advisor or a related person has some financial interest. It will, however, buy or sell for itself securities it also recommends to clients: as these securities are large, publicly traded mutual funds, we do not believe this presents a conflict of interest to our clients.

## Item 12: BROKERAGE PRACTICES

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The Client enters into a separate agreement with the custodian to custody the assets. The agreement grants Charleston Financial Advisors, LLC a limited power of attorney to execute client transactions through the custodian. Charleston Financial Advisors, LLC is independently owned and operated, unaffiliated with any custodian. At times, our firm uses Dimensional Fund Advisors (DFA) funds as a part of the investment strategies offered. Not all advisors or custodians are authorized by DFA to use their funds. Other than providing access to their funds, DFA provides no unique services to CFA.

Our custodian may charge brokerage commissions (transaction fees and/or ticket charges) for executing securities transactions. Our custodian provides us access to their institutional trading

and custody services platform, which is typically not available to retail investors. Their services include brokerage custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

We consider several factors in recommending a custodian to clients, such as ease of use, reputation, service execution, pricing and financial strength. Charleston Financial Advisors, LLC may also take into consideration the availability of the products and services received or offered (detailed below).

#### Schwab Wealth Investment Advisory, Inc.

In addition to our portfolio management and other services, IIP includes the brokerage services of Schwab, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use Schwab as custodian/broker to enroll in IIP, the client decides whether to do so and opens its account with Schwab by entering into an account agreement directly with Schwab. We do not open the account for the client. As described in IIP Disclosure Brochure, SWIA may aggregate purchase and sale orders for ETFs across accounts enrolled in IIP, including both accounts for our clients and accounts for clients of other independent investment advisory firms using IIP.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, Schwab provides us and our clients, both those enrolled in IIP and our clients not enrolled in IIP, with access to its institutional brokerage services – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

CFA does not have an obligation to seek or ensure best execution of clients' transaction within held away assets. When CFA advises clients on held away assets, such advice is given at a particular point in time and limited to circumstances described by client to CFA. Where CFA is not recommending a particular custodian utilized by client to implement CFA's advice, CFA cannot ensure best execution of such transaction will be achieved.

#### **Research and Other Soft Dollar Benefits**

Schwab (our custodian) makes available to us other products and services that may benefit Charleston Financial Advisors, LLC but may not directly benefit our clients' accounts. These types of services will help us in managing and administering client accounts. These include software and other technology that provide access to client account data (e.g. trade confirmations and account statements, facilitating trade executions, providing research, pricing information, and other market data, facilitating the payment of our fees from client accounts,

assistance with back-office functions, record keeping, and client reporting. Many of these services may be used to service all or a substantial number of our client accounts. We place trades for our clients' accounts subject to our duty to seek best execution and other fiduciary duties.

Our custodian may also provide us with other benefits and services such as client appreciation and educational events, conferences on regulatory compliance, information technology, transportation to and housing at the custodian's operations center, and business enterprise development. Our custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Charleston Financial Advisors, LLC. These benefits and services are not a material consideration for us in requiring clients to use our custodian as a broker-dealer, nor do they result in any material conflicts of interest between us and clients.

As part of our fiduciary duty to clients, Charleston Financial Advisors, LLC endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Charleston Financial Advisors, LLC in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of our custodian for custody and brokerage services.

Charleston Financial Advisors, LLC may receive a discount for research equipment from a custodian such as a discount for Morningstar Principia from Charles Schwab & Co. Institutional. Discount or services from custodian are not dependent upon a referral as Charleston Financial Advisors, LLC's relationship with the custodian was pre-existing.

While custodians impose brokerage commissions to cover client transactions, Charleston Financial Advisors, LLC receives no preference in the level of research or services offered by its custodian. There is no incentive to use one custodian over another. We use them because their operations result in best execution that is in our clients' best interest. Soft dollar benefits serve all clients' accounts and are not allocated.

Individual clients are neither intentionally advantaged nor disadvantaged in the normal course of trading. It is possible that two clients might receive different prices on the same security on a given day due to the time of day the trade was placed. This could occur due to varying market prices during the day with individual securities and exchange traded funds. Open ended mutual fund prices are not susceptible to this factor because they are uniformly traded at the end of the day at Net Asset Value.

We are assured by our custodian that their pricing is customary for our trading volume and practice profile. From time to time, we request that they review this to provide the most favorable available pricing for our clients. While, we do not have the resources to exhaustively verify their claims, we are of the opinion that their fees are not out of line with similar financial planning firms.



### **Brokerage for Client Referrals**

We do not have arrangements to receive referrals from custodians, which removes that as an incentive to select one custodian over another.

### **Directed Brokerage**

We do not accept directed brokerage and only execute trades through our recommended custodian.

## **Item 13: REVIEW OF ACCOUNTS**

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To ensure that clients' risk levels are being maintained, Charleston Financial Advisors, LLC will review client accounts at least annually. Charleston Financial Advisors, LLC will look for opportunities to rebalance client accounts when prudent, if investments have deviated from the client's target allocation. Considerations are the cost of a trade (transaction costs and tax costs) and the size of the trade.

Clients receive from their custodian trade confirmations and statements at least quarterly by e-delivery or mail. Charleston Financial Advisors, LLC makes available performance reports and invoices quarterly.

Financial plans are reviewed on an "as needed" basis at the request of the client.

## **Item 14: CLIENT REFERRALS AND OTHER COMPENSATION**

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CFA at times refers clients to outside professionals pursuant to client needs. These professionals may, in turn, also refer clients to CFA for our services. CFA does not compensate these referring parties for their referrals with cash or fee sharing arrangement. CFA is not compensated by these referring parties for their referrals with cash or fee sharing arrangement. Any referral between CFA and these professionals is not pursuant to any formalized agreement or relationship. Clients referred to CFA or from CFA to these professionals will receive additional disclosure of these arrangements at the time of referral.

We receive an economic benefit from financial partners (such as custodian, investment management companies, insurance brokers, etc.) in the form of the support products and services made available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. These financial partners may provide access to educational workshops and study groups. The availability to us of either DFA's or Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## Item 15: CUSTODY

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For Clients that do not have their fees deducted directly from their account(s) and have not provided Advisor with any standing letters of authorization to distribute funds from their account(s), Advisor will not have any custody of client funds or securities. For clients that have their fees deducted directly from their account(s) or that have provided Advisor with discretion as to amount and timing of disbursements pursuant to a standing letter of authorization to disburse funds from their account(s), Advisor will typically be deemed to have limited custody over such clients' funds or securities pursuant to the SEC's custody rule and subsequent guidance thereto.

Custody is also disclosed in Form ADV because Advisor has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). The firm endeavors to comply with the SEC no-action letter to the Investment Adviser Association dated February 21, 2017 in this regard.

At no time will Advisor accept full custody of client funds or securities in the capacity of a custodial broker-dealer, and at all times Client accounts will be held by a third-party qualified custodian as described in Item 12, above. If a client receives account statements from both the custodial broker-dealer and Advisor or a third-party report provider, Client is urged to compare such account statements and advise Advisor of any discrepancies between them.

## Item 16: INVESTMENT DISCRETION

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Charleston Financial Advisors, LLC maintains the authority to determine, without obtaining specific client consent, the securities to be bought and sold and the amount of securities to be bought or sold. Charleston Financial Advisors, LLC does not maintain the authority to determine, without obtaining specific client consent, the broker-dealer to be used or the commission rates paid to the custodian to execute trades.

Charleston Financial Advisors, LLC does not accept any compensation, product, research, or services from any brokerage for referring any brokerage to any client.

## Item 17: VOTING CLIENT SECURITIES

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The firm's Proxy Voting Policy, as well as how proxies were voted, is available to Clients and Prospective Clients upon request. The procedures are designed and implemented in a way that is reasonably expected to maximize shareholder value.

Schwab Wealth Investment Advisory, Inc.

Clients enrolled in IIP designate SWIA to vote proxies for the ETFs held in their accounts. Clients who do not wish to designate SWIA to vote proxies may designate us to vote proxies or may retain the ability to vote proxies themselves by signing a special Schwab form available from us.

**Item 18: FINANCIAL INFORMATION**

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Charleston Financial Advisors, LLC need not provide a balance sheet because it neither has custody of client funds or securities nor requires prepayment of more than \$1,200 in fees per client, six or more months in advance. CFA has not been the subject of a bankruptcy petition in the last 10 years.

**THANK YOU**

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Thank you for placing your trust in us. As fiduciaries, we strive to act in good faith and in your best interest to help you achieve your financial goals!

Sincerely,

  

Diane H. Blackwelder

Myles B. Brandt

William C. Prewitt

February 21, 2024