



4299 MacArthur Boulevard
Suite 100
Newport Beach, CA 92660
(949) 477-4990
www.kleinadvisors.com

Form ADV, Part 2A Brochure

March 15, 2021

This brochure provides information about the qualifications and business practices of Klein Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (949) 477-4990 or info@KleinAdvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Klein Financial Advisors, Inc. or any person associated with Klein Financial Advisors, Inc. has achieved a certain level of skill or training. Additional information about Klein Financial Advisors, Inc. is available on the SEC’s website at www.adviserinfo.sec.gov. The firm’s searchable CRD number is 128910.

ITEM 2 - MATERIAL CHANGES

The purpose of this page is to inform you of any material changes to this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

Klein Financial Advisors, Inc. ("KFA") reviews and updates our brochure at least annually to make sure that it remains current. We have made the following material changes since the annual update to our brochure, dated February 1, 2021:

Item 4 - The firm moved from state to SEC registration in March 2021

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ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

Klein Financial Advisors, Inc. (“KFA,” “we,” “our,” or “us”) is a privately owned corporation headquartered in Newport Beach, CA. In March 2021, the firm moved from state to SEC registration. “Registration” means only that Klein Financial Advisors has met the minimum requirements for registration as an investment advisor and does not apply a certain level of skill or training or that the SEC or any other regulator guarantees the quality of our services or recommends them.

Lauren S. Klein, CFP®, President, and principal owner, founded KFA in 2003.

Advisory Services Offered

KFA offers investment management and financial planning services to clients. We focus on women and their families during life transitions including divorce, retirement, loss of a loved one, inheritance, and issues of aging. Our clients include widows, divorcees, executives, business owners, and caring family members. We offer the following services:

Investment Management Services

Our investment services encompass two primary areas: wealth management and investment consulting.

Wealth Management

Our wealth management process is a consultative approach to address client financial needs. It integrates investment consulting and advanced financial planning. KFA collaborates with the client’s other advisors, such as attorneys, CPAs, and insurance specialists, among others, to coordinate the wealth management strategy for the client.

KFA first conducts a discovery interview to determine the client’s most important challenges and priorities. We gather data to understand the client’s personal and financial circumstances and then prioritize client goals. Using this information, we then analyze the client’s current and alternative courses of action from which we develop KFA’s financial planning recommendations, including the proposed investment approach. Finally, we present the investment plan to the client in an implementation meeting with the purpose of confirming mutual commitment to the investment plan.

Following the mutual commitment to the investment plan, KFA will assist the client in the establishment of accounts and the organization of other account paperwork. Simultaneously, KFA will evaluate other aspects of the client’s financial situation, working with other professionals, as necessary, to develop a wealth management blueprint for addressing advanced planning needs. Advanced planning goes beyond investments to look at four other aspects of wealth management:

1. Wealth enhancement; seeks to produce investment returns consistent with the client’s risk capacity and to minimize the tax impact of those returns.
2. Wealth transfer; to find and facilitate a tax-efficient way to pass assets to succeeding generations in a way that meets the client’s intentions.
3. Asset protection; aimed at protecting wealth against potential creditors, litigants, spouses, and potential ex-spouses, as well as protecting against catastrophic loss.
4. Charitable planning; to fulfill charitable goals and can help support efforts in each of the other three areas.

The wealth management plan is not static and requires periodic amendments. KFA will review the progress and implementation of the wealth management plan on a regular basis, meeting with the client at least annually or more often if needed.

Investment Consulting

Our investment consulting process concentrates on the ongoing asset management aspect of a client's portfolio and seeks to build wealth. KFA's recommendations for new investments primarily include a diversified selection of mutual funds.

Additionally, KFA's recommendations, depending on the individual investment objectives and needs of the client may include:

1. Exchange traded funds (ETFs)
2. Closed-end Funds
3. Equity securities, including stocks and foreign securities listed on US exchanges (ADRs)
4. Fixed income securities, including corporate and government bonds, commercial paper, and certificates of deposit (CDs)
5. U.S. government securities
6. Municipal bonds
7. Inflation-indexed bonds
8. Master Limited Partnerships (MLPs)

KFA may occasionally offer advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry. KFA may offer investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks for many of the securities that we recommend under the heading ***Specific Security Risks*** in ***Item 8*** below.

We discuss our discretionary authority below under ***Item 16 - Investment Discretion***. For more information about the restrictions, clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this item below.

We describe the Fees charged for investment management services below under ***Item 5 - Fees and Compensation***.

Financial Planning and Divorce Planning Services

KFA generally includes financial planning services without separate compensation as part of our overall wealth management services. These services may involve providing advice to clients regarding the investment/management of financial resources based upon an analysis of their individual needs.

KFA also offers financial planning services to clients that have special circumstances or do not meet the asset requirement for our investment management services. Financial planning services may include portfolio reviews, general financial consulting, and other individualized advice. Financial plans may include but are not limited to the following:

1. Cash flow and debt management;

2. Tax planning;
3. Retirement planning;
4. Investments;
5. Education funding;
6. Estate planning;
7. Divorce financial planning;
8. Widow's transition assistance; and
9. Business planning and risk management (insurance analysis).

KFA offers a range of financial planning services, from broad planning to custom planning focused on specific areas requested by the client.

As part of the financial planning process, KFA collects information about the client's financial situation and needs. Further, we collect relevant information about net worth, income, expenses, taxes, investments, retirement plans, life insurance, disability insurance, health insurance, long term care insurance, business agreements, divorce papers, pre-nuptial agreements, estate documents, and any other documents that pertain to the client's overall financial picture. Also, KFA asks the client about their future goals and objectives. We then develop a personalized plan that includes specific recommendations in all applicable areas.

Financial planning services may not always include preparation of a written plan and do not include preparation of any income tax, gift, or estate tax returns or preparation of legal documents, including wills or trusts. Clients may elect, but are under no obligation, to receive assistance from KFA for the implementation of the recommendations we make.

Tax Preparation Services

KFA offers tax preparation and tax planning services as requested by the client. Services offered typically include income tax returns and schedules and will vary depending on each client's circumstances.

Lauren Klein is also a Certified Divorce Financial Analyst (CDFA™). The roles of a CDFA™ includes knowledge of tax law, asset distribution, and long-term financial planning to achieve a marital settlement. KFA helps clients assess the financial impact of divorce-related decisions such as tax matters, pension plans, health coverage, and stock options.

We describe fees charged for financial planning services below under ***Item 5 - Fees and Compensation***.

Retirement Rollovers-No Obligation/Conflict of Interest: A client leaving an employer typically has four options (and may engage in a combination of these options): 1) leave the money in his former employer's plan, if permitted, 2) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, 3) rollover to an Individual Retirement Account (IRA), or 4) cash out the account value (which could depending upon the client's age, result in adverse tax consequences).

KFA may recommend an investor roll over plan assets to an IRA managed by KFA. As a result, KFA may earn an asset-based fee; however, a recommendation that a client or prospective client leave

their plan assets with their old employer will result in no compensation. KFA has an economic incentive to encourage an investor to roll plan assets into an IRA that KFA will manage.

There are factors that KFA may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus those of KFA, iv) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by KFA.

Limitations on Investments

Limitation by Plan Sponsor/Employer

When KFA is managing assets within a retirement plan such as 401(k), 403(b), ORP or other employer plan, KFA is limited to those investment providers and investment options chosen by the plan administrator. Similarly, when we provide services to participants in an employer-sponsored plan, the participant may be limited to investing in securities included in the plan's investment options. Therefore, KFA can only make recommendations to the client from among the available options, and will not recommend or invest the client's account in other securities, even if there may be better options elsewhere.

Limitation by Issuer

In the event KFA is managing assets within an annuity, KFA is limited to those investment options made available by the insurance agency.

Mutual Fund Limitations

No Load Mutual Funds

KFA limits recommendations of mutual funds to no-load funds or equivalent investment products.

Limitation by Custodian

There may also be limitations on the mutual funds that we recommend. For clients with accounts held at certain custodians, KFA is limited to the mutual funds available through the custodian. The custodians we recommend to clients include Shareholders Service Group ("SSG") or Schwab Institutional® a division of Charles Schwab & Co., Inc. ("Schwab"), Registered broker-dealer, Members SIPC.

Limitation by Client

KFA may also limit advice based on certain client-imposed restrictions. For more information about restrictions, clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this Item below.

Tailored Services and Client Imposed Restrictions

KFA manages client accounts based on the investment strategy the client chooses, as discussed below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***. KFA applies the strategy for each client, based on the client's circumstances and financial situation. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance.

Our recommendations may be limited if the client does not provide us with accurate and complete information. It is the client's responsibility to notify KFA of any material changes in the client's financial situation (i.e., the loss of a job, retirement, receipt of a significant bonus, an inheritance, the birth of a new child, or other circumstances).

Clients may also request other restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or does not want KFA to buy or sell certain specific securities or security types in the account. KFA reserves the right not to accept and/or terminate management of a client’s account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client’s investment strategy.

Assets Under Management

KFA manages assets in discretionary and non-discretionary accounts on a continuous and regular basis. As of December 31, 2020, the total amount of assets under our management was:

Discretionary Assets	\$ 119,038,660
Non-Discretionary Assets	\$ 1,971,562
Total Assets	\$ 121,010,222

ITEM 5 - FEES AND COMPENSATION

Fee Schedule

Investment Supervisory Services

The annualized fee for Investment Supervisory Services will be charged as a percentage of assets under management according to the schedule below. Fees are billed quarterly, in arrears, based on the market value of the assets under management on the last trading day of the previous quarter.

Assets Under Management	Annual Fee
Up to \$1,000,000	1.00%*
Next \$1,000,001 to \$3,000,000	0.80%
Next \$3,000,001 to \$6,000,000	0.60%
Next \$6,000,001 to \$10,000,000	0.50%
Over \$10,000,000	0.45%

*For clients with \$400,000 or less in investable assets, the rate will be 1.25%. For those with investable assets greater than \$400,000, the rate will start at 1%.

Fees are calculated on a next plus basis. For example, a Client with \$6,000,000 under management would pay 1.00% on the first \$1,000,000, 0.80% on the next \$2,000,000, 0.60% on the next \$2,000,000.

Some accounts may be under different fee schedules honoring prior agreements. Our standard fee schedule may be negotiable based on factors, which include but are not limited to “grandfathered” accounts, related accounts, and other structures that we may consider in special situations. KFA

may aggregate client accounts that have family relationships with each other for purposes of calculating the advisory fee rate applicable to each client. We may make pro-rata adjustments for additions or withdrawals made during the client's billing period. The client's quarterly fee calculation will reflect any pro-rated additions.

Lower fees for comparable services may be available from other sources.

Setup Charges (One-time charge)

We charge a one-time setup charge of \$2,500 at the start of a new investment advisory relationship. We assess the setup charge when the client's account is opened with KFA. Under special circumstances, we may negotiate or waive the setup charge.

Minimum Fee

Investment Management Services

A minimum of \$500,000 of assets under management is required for this service. If the regular quarterly management fee calculated based on assets under management is less than our minimum advisory fee, we charge the client our minimum \$5,000 fee. However, we may make exceptions at our discretion.

Billing Method

Investment Management Services

KFA's advisory fees are payable quarterly in arrears based on the account market value on the last day of the calendar quarter. The first payment is due after the first full quarter under management. The formula used for the calculation is as follows: $(Annual\ Rate) \times (Total\ Assets\ Under\ Management\ at\ Quarter-End) / 4$.

For advisory fee calculation purposes, a calendar quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the next quarter. A day is any calendar day including weekends and holidays. For new accounts and terminations, the number of days remaining in the quarter is the number of calendar days following the date a new account is funded or the effective date of termination.

KFA may aggregate client accounts that have family relationships with each other for purposes of calculating the advisory fees applicable to each client.

It is up to the client whether they wish to have the advisory fees withdrawn directly from their custodian account or pay by check. With client authorization, KFA will automatically withdraw KFA's advisory fee from the client's account held by an independent custodian. Typically, the custodian withdraws advisory fees from the client's account during the first month of each quarter based on KFA's instruction. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee for those clients who authorize the advisory fees to be withdrawn directly from their custodian account.

KFA will send a statement to each client who authorizes KFA to withdraw fees directly from the custodian. The statement will show the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which we calculated the fee. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

KFA will send an invoice to all clients who choose not to have advisory fees withdrawn directly from their custodian account. The invoice is payable upon receipt and will include the fee calculation and amount due.

Financial Planning and Divorce Financial Planning Fees

Our minimum fee for divorce financial planning is \$3,500, which is due at the initial conference and will be credited to the client's account.

All clients will be billed based on the number of hours worked on their behalf. Our hourly rates are:

Consultation and Analysis – Director	\$450 / hour
Consultation and Analysis – Associate	\$250 / hour
Administrative Time	\$ 85 / hour

All work accomplished by KFA will be charged against an initial Retainer of \$5,000.

At a client's request, KFA may provide financial planning consulting services on an hourly or fixed rate basis. We base fixed fee consulting on an estimate of time it will take to complete a project using our hourly rate of \$450. Fixed rate ranges are between \$450 and \$8,500 but could be higher depending on the scope of the project. The fixed fee may be negotiable based on the nature and complexity of each client's circumstances. An initial retainer of 50% of the estimated fee will be due upon signing the consulting agreement. The remaining estimated fee will be due at the earlier of six months or the final plan presentation.

Other Fees and Expenses

KFA's fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts from the assets in the account, which are in addition to the fees client pays to KFA. See **Item 12 - Brokerage Practices** below for more information.

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to KFA for services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both KFA and the mutual fund manager for the management of their assets.

Termination

Investment Management Services

Either party may terminate the agreement upon thirty (30) days written notice to the other party. The client may terminate the agreement by writing KFA at our office. Upon termination of the agreement, any earned, unpaid advisory fees will be due and payable. The client will receive an invoice showing the advisory fees due for services rendered and not yet paid. The refund will be pro-rated based on the effective date of termination.

Financial Consulting and Divorce Planning Services

KFA considers the planning phase of our services to be complete, and the agreement terminated upon delivery of a satisfactory project. If either the client or KFA wishes to terminate the financial or divorce planning agreement before completion of the plan, either party may terminate the agreement at any time by providing written notice to the other party.

Upon notice of termination, KFA will provide you with an invoice for services provided through the date of termination. If you paid fees in advance that were more than the amount due for services, KFA would refund any unearned fees to you.

Other Compensation

KFA does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. We do receive additional compensation for tax preparation/planning services and divorce planning/consulting. We describe these services in *Other Affiliated Business* in *Item 10*, below.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

KFA does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

ITEM 7 - TYPES OF CLIENTS

KFA offers discretionary investment management and planning services to individuals, high net worth individuals, trusts and estates, donor-advised philanthropic funds, individual participants of retirement plans, pension and profit sharing plans, and businesses.

Account Requirements

Generally, KFA requires that our investment management services clients maintain a minimum account size of \$500,000. We may combine family accounts to meet the account size minimum. KFA may reduce or waive the account minimum requirements at our discretion for clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, account composition, related accounts, and pre-existing client relationships.

KFA may also refer clients that do not meet our minimum account size requirement to a third-party advisor. For more information, see *Third-Party Advisers* in *Item 8* below.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

KFA offers advice on the following but not limited to: equity securities (exchange-listed securities, securities traded over-the-counter and foreign issuers), corporate debt securities, certificates of deposit, alternative investments including hedge funds, municipal securities, mutual funds, interval funds, exchange-traded funds (ETF's), investment company securities (variable life insurance, variable annuities, mutual fund shares), U.S. government securities, options contracts on securities, MLP's and partnership interests investing in real estate and oil & gas interests, to name a few. KFA may use private investments (typically hedge funds, alternatives), which require the investor to be "accredited" or "qualified."

KFA security analysis methods may include fundamental analysis, technical analysis, third party analysis, economic and cyclical analysis. KFA may also utilize "demographic" research provided by external third-party sources.

Sources of information KFA uses may include but not limited to Morningstar, Rowling & Associates InStrategy research, financial newspapers and magazines, research materials prepared by others (third party analysis including but not limited to Goldman Sachs, JP Morgan, Schwab, American Century, DFA, Vanguard and others), corporate ratings services, and company filings including annual reports, prospectuses, SEC filings, and press releases.

KFA uses the following investment strategies to construct and implement any investment strategies for managing client portfolios: Modern Portfolio Theory (MPT), Fama/French Three-Factor Model, long term holding, and dollar-cost averaging. Additionally, KFA may utilize additional investment

strategies, which may include but are not limited to tactical asset allocation, fixed income ladders, Hedge Funds, Private Funds, 40 Act Leverage Products, and Short Funds.

The risk to any analysis is the data is flawed, assumptions are wrong, and the realization that the world is full of surprises. We reduce this risk by using multiple sources of data and diversifying portfolios. With regard to strategy, other risks are natural disasters, human actions, etc., the mandated use of historical return, volatility, and correlation data that may not materialize the same in the future.

Our primary securities are ETFs, mutual funds, institutional funds, and individual securities. For ETFs and mutual funds, the primary risk is market or "systematic" risk. For bonds, the risks further include the addition of unsystematic risk (i.e., potential default) and interest rate risk.

Investing in securities involves risk of loss that Clients should be prepared to bear. While the stock market may increase, and the account(s) could appreciate, it is also possible that the stock/financial markets may decrease, and the account(s) could lose value. Clients must understand the risks associated with investing in the stock market, are appropriately diversified in investments, and ask any questions.

Master Limited Partnerships (MLPs)

MLPs are publicly traded partnerships that trade mainly on the New York Stock Exchange and/or the NASDAQ, the same as stocks. With a few exceptions, MLPs hold and operate assets related to the transportation and storage of energy (certain MLPs may have commodity risk). Most publicly traded companies are corporations. Corporate earnings are usually taxed twice. The business entity is taxed on any money it makes and then shareholders are taxed on the earnings the company distributes to them.

In the 1980s, Congress allowed public trading of certain types of companies as partnerships instead of as corporations. The main advantage a partnership has over a corporation is that partnerships are "pass through" entities for tax purposes. This means that the company does not pay any tax on its earnings. Distributions are still taxed, but this avoids the problem of double taxation that most publicly traded companies face. Congress requires that any company designated as an MLP has to produce 90% of its earnings from "qualified resources" (natural resources and real estate). Most MLPs are involved in energy infrastructure, i.e. things like pipelines. MLPs are required to pay minimum quarterly distributions to limited partners. A contract establishes the payments, so distributions are predictable. Otherwise, the shareholders could find the company in breach of contract.

Financial Planning

The financial planning tools KFA uses to create financial plans for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use asset class returns, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products.

Financial planning software is only a tool used to help guide KFA and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client's assets, risk tolerance, and personal information. Changes to the program's underlying assumptions or differences in actual personal, economic, or market outcomes may result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the financial planning software as disclosed on the financial planning reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or financial planning program.

If the financial plan includes recommendations for investing in securities, you should understand that investing in securities involves risk of loss, and you should be prepared to bear that risk.

ITEM 9 - DISCIPLINARY INFORMATION

KFA and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. KFA does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Other Affiliated Business

In addition to investment management and financial planning services, KFA offers additional services. These services do not include investment advice and we do not consider them as part of our advisory business. We offer these services to advisory and non-advisory clients under a separate engagement agreement. Fees for these services are detailed in each client's separate engagement agreement and are independent of and in addition to the advisory services fees we charge to advisory clients.

Other Financial Industry Activities

National Association of Personal Financial Advisors

Lauren Klein is a member of The National Association of Personal Financial Advisors ("NAPFA"). NAPFA is an organization of fee-only financial advisors. NAPFA membership requires adherence to the **NAPFA Fiduciary Oath** (see in next item below).

KFA may outsource some of its financial planning work. KFA has agreements with providers that include confidentiality provisions.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

KFA believes that we owe clients the highest level of trust and fair dealing. Further, as part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. KFA personnel are required to conduct themselves with integrity at all times and follow the principles detailed in the NAPFA Code of Ethics.

NAPFA Code of Ethics

Objectivity

NAPFA members strive to be as unbiased as possible in providing advice to clients and NAPFA members practice on a fee-only basis.

Confidentiality

NAPFA members shall keep all client data private unless authorization is received from the client to share it. NAPFA members shall treat all documents with care and take care when disposing of them. Relations with clients shall be kept private.

Competence

NAPFA members shall strive to maintain a high level of knowledge and ability. Members shall attain continuing education at least at the minimum level required by NAPFA. Members shall not provide advice in areas where they are not capable.

Fairness & Suitability

Dealings and recommendation with clients will always be in the client's best interests. NAPFA members put their clients first.

Integrity & Honesty

NAPFA members will endeavor to always take the high road and to be ever mindful of the potential for misunderstanding that can accrue in normal human interactions. NAPFA members will be diligent to keep actions and reactions so far above board that a thinking client, or other professional, would not doubt intentions. In all actions, NAPFA members should be mindful that in addition to serving our clients, we are about the business of building a profession and our actions should reflect this.

Regulatory Compliance

NAPFA members will strive to maintain conformity with legal regulations.

Full Disclosure

NAPFA members shall fully describe method of compensation and potential conflicts of interest to clients and also specify the total cost of investments.

Professionalism

NAPFA members shall conduct themselves in a way that would be a credit to NAPFA at all times. NAPFA membership involves integrity, honest treatment of clients, and treating people with respect.

NAPFA Fiduciary Oath

The advisor shall exercise his/her best efforts to act in good faith and in the best interests of the client. The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality or independence of the advisor.

The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product. The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business.

What the Fiduciary Oath means to KFA clients

- I shall always act in good faith and with candor.
- I shall be proactive in my disclosure of any conflicts of interest that may impact you.
- I shall not accept any referral fees or compensation that is contingent upon the purchase or sale of a financial product.

Personal Trading Practices

KFA and our personnel may purchase or sell securities for themselves that we also recommend to clients. This includes related securities (e.g., warrants, options, or futures). This presents a potential conflict of interest as we may have an incentive to favor our personal trades over client transactions or use the information about the transactions we intend to make for clients to our personal benefit.

Our policies to address these conflicts include the following:

1. The client receives the opportunity to act on investment recommendations prior to and in preference to accounts of KFA and our personnel.

2. KFA prohibits trading in a manner that takes personal advantage of price movements caused by client transactions.
3. If we wish to purchase or sell the same security as we recommend or take action to purchase or sell for a client, we will not do so until the custodian fills client orders. As a result of this policy, it is possible that clients may receive a better or worse price than KFA or any employee for the same security on the same day as a client or one or more days before or after the Client's transaction.

ITEM 12 - BROKERAGE PRACTICES

Factors Considered in Selecting Broker-Dealers for Client Transactions

KFA requires clients to open one or more broker-dealer/custodian (“custodian” or “custodial”) accounts in their own name at an independent custodian of the client’s choice. For clients in need of brokerage or custodial services, KFA may recommend the use of Shareholders Service Group (“SSG”) and Schwab Advisor Services™ a division of Charles Schwab & Co., Inc. (“Schwab”). registered broker-dealers, Members SIPC. Upon client inquiry, we may also recommend other brokerage or custodial services. The assets in the investment account will be held for safekeeping with custodian. The client will enter into a separate agreement with the custodian to custody the assets. KFA is independently owned and operated, and unaffiliated with any custodian.

KFA considers several factors in recommending a custodian to a client. Factors that KFA may consider when recommending a custodian may include availability of funds, ease of use, reputation, service execution, pricing and financial strength. KFA may also take into consideration the availability of the products and services received or offered (detailed below) by the custodian.

Research and Other Soft Dollar Benefits

KFA may receive from particular custodians, without cost (or at a discount), support services and/or products that benefit KFA but may not directly benefit our clients’ accounts. The custodians we use make available products and services that may be used to service all or some substantial number of KFA’s accounts, including accounts not maintained with these custodians. The custodians make these products and services available to us on an unsolicited basis, at no charge to us so long as KFA maintains a minimum amount of our clients’ assets in accounts at each custodian we recommend.

The custodians we recommend make available products and services that assist KFA in managing and administering clients’ accounts including software and other technology that:

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing and other market data;
4. facilitate payment of KFA’s fees from our clients’ accounts; and
5. assist with back-office functions, recordkeeping, and client reporting.

The custodians also offer other services intended to help KFA manage and further develop our business enterprise. These services may include:

1. compliance, legal and business consulting;
2. publications and conferences on practice management and business succession; and

3. access to employee benefits providers, human capital consultants, and insurance providers.

The custodians we recommend may make available, arrange, and/or pay third-party vendors for the types of services provided to KFA. The custodians may discount or waive fees they 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 KFA. The custodians may also provide other benefits such as educational events or occasional business entertainment of KFA personnel.

Because of KFA's professional relationships with SSG, Schwab, and TD Ameritrade, these entities may offer KFA discounts for services provided by outsource providers. As part of our fiduciary duty to clients, KFA endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by KFA or our personnel in and of itself creates a potential conflict of interest and may indirectly influence KFA's recommendation of custodians for custody and brokerage services.

Brokerage for Client Referrals

KFA does not receive client referrals from any broker-dealer or third party in exchange for using that broker-dealer or third party.

Directed Brokerage

Investment Management Services

KFA will not allow clients to direct KFA to use a specific broker-dealer to execute transactions. Clients must use the broker-dealers that KFA recommends. Not all investment advisers require their clients to direct brokerage. By requiring clients to use SSG or Schwab, KFA believes we may be able to more effectively manage the client's portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio.

Financial Planning Services

Clients are free to use any qualified custodian/broker-dealer for transactions pertaining to the implementation of any financial plan we provide.

Aggregation and Allocation of Transactions

KFA enters transactions for each client independently and does not aggregate (combine) client orders. Aggregating trades may benefit clients by purchasing or selling in larger blocks in an attempt to take advantage of better pricing or lower trading costs. We do not feel that clients are at a disadvantage because we do not aggregate client orders. KFA primarily uses mutual funds to manage client accounts. Mutual funds are priced once daily. As the daily price is the same for each investor, we have no opportunity to obtain better pricing through aggregating. Additionally, the broker-dealer/custodians charge each account an individual transaction fee regardless of whether we aggregate or not. This prevents us from lowering trading costs through aggregation.

ITEM 13 - REVIEW OF ACCOUNTS

Lauren S. Klein, CFP®, Investment Adviser Representative, performs all account reviews.

Managed Account Reviews

KFA typically reviews its Client portfolios quarterly for conformity with the respective investment objectives. Also, KFA regularly examines investment results for a variety of time periods.

In addition, we may conduct a special review of an account based one or more of the following:

1. A change in the client's investment objectives, guidelines and/or financial situation;

2. Changes in diversification;
3. Tax considerations; or
4. Material cash deposits or withdrawals.

Financial Plan Reviews

KFA recommends that clients meet with us at least annually to discuss any changes in the client's circumstances so we may make necessary updates to the financial plan. We also work with clients on an ongoing basis as requested by the client. It is the client's responsibility to initiate all financial planning services reviews.

Account Reporting

Each investment management services client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, KFA provides written reports to all discretionary investment management services clients detailing performance in accounts on a quarterly basis. KFA may also provide additional reporting as agreed upon by KFA and the client on a case-by-case basis.

Financial planning services clients do not receive reporting from KFA.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Outside Compensation

KFA may refer clients to unaffiliated professionals for specific needs, such as real estate and investment analysis and management, estate planning, divorce litigation, bookkeeping, care management, venture capital investments, and insurance planning. In turn, these professionals may refer clients to KFA for investment management and/or financial planning needs. At KFA, we do not have any agreements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals. However, it could be concluded that KFA is receiving an indirect economic benefit from the arrangement, as the relationships are mutually beneficial. For example, there could be an incentive for us to recommend services of firms who refer clients to KFA.

KFA only refers clients to professionals we believe are competent and qualified in their field. However, it is ultimately the client's responsibility to evaluate the provider. It is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and KFA has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by KFA.

If the client desires, KFA will work with these professionals or the client's other advisers (such as an accountant, attorney, or other investment adviser) to help ensure that the provider understands the client's financial plan and to coordinate services for the client. KFA will never share information with an unaffiliated professional unless first authorized by the client.

Third-Party Advisers

KFA may recommend Orion Portfolio Solutions (OPS), a third-party asset allocation and manager selection provider, based on the client's investment objectives and financial situation. OPS allows KFA to remain as a non-discretionary manager to the client. Advisory fees for clients participating in this program will be charged by the sub-adviser based on the fee payment schedule provided by the sub-adviser. Note that we do not share in the sub-advisory fee. Our fee is separate and in addition to their compensation and will be described to you prior to engagement. However, the combined advisory fees clients pay to KFA and FTJ will not exceed our schedule of fees listed above

in **Item 5 - Fees and Compensation**. OPS's fees are disclosed in the disclosure brochure provided to the client by the sub-adviser.

ITEM 15 - CUSTODY

KFA does not take physical custody of client funds or securities. For the convenience of the client, we will set up quarterly fee deduction ability from the client's account, when authorized by the client.

KFA will not have custody of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account if all of the following requirements are met:

1. Clients' accounts are held by a qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution).
2. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of KFA'S fee. If you are not receiving at least quarterly custodial account statements, please contact us at the number on the cover page of this brochure.
3. Each billing period, we send clients a statement showing the amount of the fee, the value of the client's assets that the fee was based on, and how we calculated the fee.
4. We send only the amount of our fee to the custodian.
5. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

ITEM 16 - INVESTMENT DISCRETION

KFA has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. KFA will not contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority over their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions may limit KFA's discretionary authority, such as where the client prohibits transactions in specific security types. See also **Item 4 - Tailored Services and Client Imposed Restrictions**, above.

ITEM 17 - VOTING CLIENT SECURITIES

Proxy Voting

KFA does not accept or have the authority to vote client securities.

Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

Class Actions

KFA does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any

transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. KFA does not require the prepayment of more than \$500 in fees per client, six months or more in advance, and does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Form ADV, Part 2B Brochure Supplement

Lauren S. Klein

Jamie M. Klein

Klein Financial Advisors, Inc.

4299 MacArthur Boulevard

Suite 100

Newport Beach, CA 92660

(949) 477-4990

This brochure supplement provides information about Lauren S. Klein and Jamie M. Klein that supplements the Klein Financial Advisors, Inc. brochure. You should have already received a copy of that brochure. Please contact Lauren S. Klein if you did not receive our brochure or if you have any questions about the contents of this supplement. Additional information about Lauren S. Klein is available on the SEC's website at www.adviserinfo.sec.gov. Click on the "Investment Adviser Search" link and then search for "Individual" using the individual's CRD number Lauren (4692359).

Lauren S. Klein

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Lauren S. Klein, President, b. 1948

Education:

- MBA, Pepperdine University, 1987
- BS, Accounting, Fairleigh Dickinson University, 1973
- Certified Divorce Financial Analyst (CDFA™), Institute for Divorce Financial Analysts™, 2006
- Enrolled Agent #79429, 2004
- Certified Financial Planner (CFP®) #79092, Certified Financial Planner Board of Standards, Inc., 2003

Business Background:

- Klein Financial Advisors, Inc., Newport Beach, CA, President, Investment Adviser Representative, 09/2003 - present
- Lauren S. Klein, CFP®, Irvine, CA, Principal, Tax Preparer and Business Consultant, 09/1999 - 07/2004
- Avery Dennison, Brea, CA, Director of Finance, Controller, 03/1984 - 09/1999

Professional Designations

Certified Financial Planner

The Certified Financial Planner™ and CFP® (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP® Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. The CFP® is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

To earn the credential, each CFP® candidate must have a bachelor’s degree (or higher) from an accredited college or university and three years of full-time personal financial planning experience. In addition, candidates must take the CFP® Certification examination and complete a CFP® -board registered program or hold an accepted designation, degree, or license. Every two years, CFP® certificate holders must complete a minimum of 30 hours of continuing education. More information regarding the CFP® is available at <http://www.cfp.net/default.asp>.

Enrolled Agent

An enrolled agent (EA) is a person who has earned the privilege of practicing, that is, representing taxpayers, before the Internal Revenue Service. Enrolled agents, like attorneys and certified public accountants (CPAs), are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle, and which IRS offices they can practice before.

There are two tracks to becoming an enrolled agent. The two tracks are:

- Written examination. You can become an enrolled agent by demonstrating special competence in tax matters by taking a written examination. This track requires that you -
 - Apply to take the Special Enrollment Examination (SEE);
 - Achieve passing scores on all parts of the SEE;
 - Apply for enrollment; and
 - Pass a background check to ensure that you have not engaged in any conduct that would justify the suspension or disbarment of an attorney, CPA, or enrolled agent from practice before the IRS.
- IRS experience. You can become an enrolled agent by virtue of past service and technical experience with the IRS that qualifies you for enrollment. This track requires that you -
 - Possess the years of past service and technical experience;
 - Apply for enrollment; and
 - Pass a background check to ensure that you have not engaged in any conduct that would justify the suspension or disbarment of an attorney, CPA, or enrolled agent from practice before the IRS.

More information regarding enrolled agents is available at <http://www.irs.gov>.

Certified Divorce Financial Analyst (CDFA™)

Certified Divorce Financial Analyst (CDFA™) professionals must develop their theoretical and practical understanding and knowledge of the financial aspects of divorce by completing a comprehensive course of study approved by the Institute for Divorce Financial Analysts™ (IDFA™). Examination

CDFA™ practitioners must pass a four-part Certification Examination that tests their understanding and knowledge of the financial aspects of divorce. In addition, the practitioner must demonstrate the practical application of this knowledge in the divorce process.

As a final step to certification, CDFA™ practitioners agree to abide by a strict code of professional conduct known as the IDFA™'s Code of Ethics and Professional Responsibility, which sets forth their ethical responsibilities to the public, clients, employers, and other professionals. The IDFA™ may perform a background check during this process and each candidate for CDFA™ certification must disclose any investigations or legal proceedings relating to his or her professional or business conduct.

Once certified, CDFA™ practitioners are required to maintain technical competence and fulfill ethical obligations. Every two years, they must complete a minimum of twenty (20) hours of continuing education, ten (10) of which are specifically related to the field of divorce. In addition, to the biennial continuing education requirement, all CDFA™ practitioners must voluntarily disclose any public, civil, criminal or disciplinary actions that may have been taken against them during the past two years as part of the renewal process.

CDFA™ professionals must have two year's minimum experience in a financial or legal capacity prior to earning the right to use the CDFA™ certification mark. More information regarding the CDFA™ is available at <https://www.institutedfa.com/>.

ITEM 3 - DISCIPLINARY INFORMATION

Lauren S. Klein has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Lauren S. Klein has no other business activities.

ITEM 5 - ADDITIONAL COMPENSATION

Lauren S. Klein's compensation comes from her regular salary and ownership of KFA.

ITEM 6 - SUPERVISION

Lauren S. Klein is the President of KFA and supervises all employees.

Jamie M. Klein

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Jamie M. Klein, Operations Manager, b. 1972

Education:

- BA, Criminal Justice, Chapman University, 2007
- Orange Coast College, 2005-2007
- California State University, Fullerton, 1991-1992

Business Background:

- Klein Financial Advisors, Inc., Newport Beach, CA, Operations Manager, 05/2009 - present
- Le Beach Club, Inc., Redondo Beach, CA, Office Manager, 03/2008 - 05/2009
- DCX Chol Enterprises, Inc., Purchasing Manager, Los Angeles, CA, 03/2006 - 02/2008

ITEM 3 - DISCIPLINARY INFORMATION

Jamie M. Klein has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Jamie M. Klein provides is a Notary Public. This service is provided at no charge to clients.

ITEM 5 - ADDITIONAL COMPENSATION

Jamie M. Klein receives compensation for providing Notary Public service, but this income is not more than 10% of the income earned through KFA.

ITEM 6 - SUPERVISION

Lauren S. Klein, President, is responsible for supervising Jamie M. Klein's activities. Lauren S. Klein monitors the support provided by Jamie M. Klein for consistency with client objectives and KFA's policies. In addition, Lauren S. Klein reviews reports prepared by Jamie M. Klein before we send them to clients. Lauren S. Klein can be reached by calling (949) 477-4990.

PRIVACY STATEMENT

Klein Financial Advisors, Inc. is an independent financial planning and wealth management firm and is committed to keeping the confidential information provided to our firm in the strictest confidence.

To fulfill its responsibilities to you, Klein Financial Advisors, Inc. requires that you provide current and accurate financial and personal information. We will protect the information you have provided in a manner that is safe, secure, and professional. Klein Financial Advisors, Inc. and its employees are committed to protecting your privacy and to safeguarding that information.

Safeguarding Client Documents

We collect non-public client data in checklists, forms, written notations, and documentation provided to us by our clients for evaluation, registration, licensing or related consulting services. We also create internal lists of such data. Information we collect includes personal information such as your name, address, phone number, social security number, assets, income, and other financial and family information, and account information such as account numbers, holdings, balances, transaction history and other financial and investment activities.

During regular business hours, access to client records is monitored so that only those with approval may access the files. During hours in which the company is not in operation, the client records will be locked. Furthermore, the computers and servers in which we store personal and financial client information are kept in a secure environment.

Only authorized individuals may obtain personal and financial client information. No individual with authorization to access personal and financial client information will share that information in any manner without the specific consent of a firm principal. Failure to observe Klein Financial Advisors, Inc.'s procedures regarding client and consumer privacy will result in disciplinary action and may lead to termination.

Sharing Nonpublic Personal and Financial Information

Klein Financial Advisors, Inc. is committed to the protection and privacy of its current and former clients' and consumers' personal and financial information. Klein Financial Advisors, Inc. will not share such information with an affiliated or non-affiliated third party except:

- When necessary to complete a transaction in a client account, such as with the clearing firm or account custodians;
- When required to maintain or service a client account;
- To resolve client disputes or inquiries;
- With persons acting in a fiduciary or representative capacity on behalf of the client;
- With rating agencies, persons assessing compliance with industry standards, or the attorneys, accountants and auditors of the firm;
- In connection with a sale or merger of Klein Financial Advisors, Inc.;
- To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
- To comply with federal, state or local laws, rules and other applicable legal requirements;

- In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
- In an circumstances with the client's instruction or consent; or
- Pursuant to any other exceptions enumerated in the California Information Privacy Act.

Opt-Out Provisions

It is not a policy of Klein Financial Advisors, Inc. to share nonpublic personal and financial information with affiliated or non-affiliated third parties except under the circumstances noted above. Since sharing under the circumstances noted above is necessary to service client accounts or is mandated by the law, there are no allowances made for clients to opt out.

If you feel at any time that Klein Financial Advisors, Inc. is not abiding by this policy you should contact us immediately at (949) 477-4990 or email us at info@kleinadvisors.com.