

## EVERGREEN FINANCIAL ADVISORS, INC.

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February 25, 2019

This Brochure provides information about the qualifications and business practices of Evergreen Financial Advisors, Inc. If you have any questions about the contents of this Brochure, you may contact us at (503) 297-7654 or [nelson@efaor.com](mailto:nelson@efaor.com) to obtain answers and additional information. Evergreen Financial Advisors, Inc. is a registered investment adviser in its home state of Oregon. We are also registered in Louisiana and Washington. Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Evergreen Financial Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Evergreen Financial Advisors, Inc. is 154635.

## **Item 2 – Material Changes**

The date of our previous annual update to our Brochure was February 12, 2018. Since the date of our last annual update, we have made no material changes.

If any of the content of our Brochure is materially changed, we will ensure that all current Clients receive a copy of a revised Brochure along with a Summary of Material Changes within 120 days of the close of our business' fiscal year.

Whenever required, we will provide ongoing disclosure information about material changes and will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Nelson Rutherford, President of EFA at (503)297-7654 or [nelson@efaor.com](mailto:nelson@efaor.com). Our Brochure is provided free of charge.

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**Item 4 – Advisory Business**

- A** Evergreen Financial Advisors, Inc. (“EFA” “we” or “us”) is an independent Portland, Oregon-based investment advisory firm. We provide fee-only investment management services and also offer fee-only financial planning services at no additional cost to our investment advisory Clients. The firm has been in business since 2004. The principal owner is Nelson E. Rutherford. Our investment advisory services are driven by and coordinated with each Client’s individual financial goals. Our approach uses broadly-diversified portfolios and a systematic strategy to manage investments. We follow strict fiduciary standards, putting our Clients’ interests before our own and seeking to avoid conflicts of interest with our Clients. We are compensated only by our Clients.
- B, C** We help Clients coordinate and prioritize their financial lives with all aspects of their life goals. Integrating investments across all individual retirement accounts, taxable accounts, and employee retirement accounts is crucial to the process. Client input and involvement are critical parts of the financial planning process and implementation of investment decisions. After Client assets are invested, we help our Clients monitor their investments and provide advice related to ongoing financial and investment needs. We are objective advisors, and we always put our Clients’ interests first.

EFA has discretionary authority over Client funds. Discretionary authority means we have the authority to determine, without obtaining specific Client consent, the securities bought or sold and the amount of securities bought or sold. The only restrictions on the above discretionary authority are those set by the Client on a case by case basis. Discretionary authority allows us to act on behalf of the Client in most matters necessary or incidental to the handling of the account, including monitoring certain assets, without the Client’s prior approval.

Advice and services are tailored to the stated objectives of the Client(s). We discuss with the Client in detail critically important information such as the Client’s risk tolerance, time horizon, and projected future needs, to formulate an investment policy. This policy guides us in objectively and suitably managing the Client’s account. We meet with Clients as needed to review portfolio performance, discuss current issues, and re-assess goals and plans.

Our investment recommendations generally include mutual funds, exchange-traded funds, and exchange-listed equity securities. We also recommend certificates of deposit, municipal securities, U.S. government securities and money market funds. If Clients hold other types of investments, we will advise them on those investments also. Clients may impose restrictions on investing in certain securities or types of securities. We consider such restrictions when preparing the Investment Policy Statement.

See Item 8 for a description of our investment strategy.

- D** We do not participate in or sponsor any wrap fee programs.
- E** As of December 31, 2018 we are managing approximately \$65,998,305 of Client assets on a discretionary basis.

## Item 5 – Fees and Compensation

- A** We provide investment advisory services and also offer financial planning services at no additional cost to our investment advisory Clients. Services may include the analysis of the Client’s current portfolio, development of a financial plan and investment policy statement, implementation of a recommended portfolio, and ongoing monitoring of the financial plan/investment portfolio.

We typically utilize the following tiered fee schedule:

<u>Account Size</u>	<u>Annual Fee</u>
\$0 - \$1,000,000	1.00%
>\$1,000,000 - \$2,000,000	0.75%
>\$2,000,000 - \$3,000,000	0.50%
>\$3,000,000	0.25%

Notwithstanding the above, fees are generally negotiable.

In addition to the investment supervisory services provided to Clients, we may also provide investment counseling to Clients in a different manner. This type of service is not our primary focus and the pricing is developed on a project-by-project basis for each Client. Consulting projects generally range from \$2,000 - \$5,000 per project, depending on the scope of work performed.

- B** Advisory fees are generally deducted directly from Client custodial accounts upon submission of an invoice to the custodian. EFA will provide a quarterly statement to the Client detailing the amount of the fee and the value of the Client’s assets on which the fees are based. Payment of fees may result in the liquidation of Client’s securities if there is insufficient cash in the account. Clients may request in writing to be billed directly instead of having fees deducted from their account. In this instance fees will be billed directly to the Client and are due within thirty (30) days after receipt of an invoice from us.

Fees are charged quarterly in advance based upon the market value of the Account at the end of the prior quarter. Market value means the value of all assets in the account (not adjusted by any margin debit). To determine value, securities and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded (or, if there shall be no sales on such date, then at the mean between the closing bid and asked prices on such date). In a situation where less actively-traded securities do not have readily available market quotations, the Advisor will take steps to ensure that an appropriate valuation methodology is used to determine the value of the security. In the event the client disputes the value assessed by the Advisor, the Advisor will seek to obtain and document price information from at least one independent source, whether it be a broker-dealer, bank, pricing service or other source.

- C** Clients pay brokerage transaction costs and other charges directly to the custodian. See Item 12. Client may be required to pay, in addition to our fee, a proportionate share of any Exchange Traded Fund's (ETF) or mutual fund's fees and charges. For example, Mutual fund operating expenses are paid out of the fund and are an additional expense incurred by the Client.
- D** Clients pay all advisory fees quarterly, in advance. New accounts are pro-rated from the time we begin charging a fee to the Client. Fees for partial quarters at the commencement or termination of an agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter. Additionally, all service agreements may be terminated at any time by either us or the Client upon written notice to the other. Any compensation paid for services beyond the time the agreement was terminated in writing will be refunded to the Client.
- E** We are a fee-only investment advisory firm paid on a percentage of Client assets managed. No supervised person associated with EFA receives or accepts any compensation for the sale of securities or investment products.

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

We do not charge any performance-based fees for our services. Accordingly, this Item is not applicable to our firm.

### **Item 7 – Types of Clients**

We provide investment advice to individuals, businesses, pension and profit sharing plans, and trusts and estates. Because each Client is unique, they must be willing to be involved in the planning and ongoing processes. Such involvement does not have to be time-consuming, however, we want our Clients to remain informed and have a sense of security about their investments.

Our minimum account requirement is \$500,000. However, this minimum may be reduced or waived for a Client if considered appropriate by a Principal of EFA.



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

- A** We construct portfolios primarily using passive mutual funds such as index funds. We believe these provide the best investment option based on diversification, low cost, tax efficiency, and the investment community’s inability to consistently out-perform with active management strategies.

*The basic tenets under Client portfolios which are managed include the following:*

1. Modern Portfolio Theory, as recognized by the 1990 Nobel Prize, will be the philosophical foundation for how the portfolio will be structured and how subsequent decisions will be made. The underlying concepts of Modern Portfolio Theory include:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential portfolio returns.
- Markets are efficient. It is virtually impossible to anticipate the future direction of the market as a whole or of any individual industry or security. It is, therefore, unlikely that portfolio managers will “beat the market” through skill.
- The structure of the portfolio as a whole is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes (stocks, bonds, cash, etc.) will have far more influence on long-term portfolio results than the selection of individual securities.
- For a given risk level, an appropriate combination of asset classes will maximize returns. Diversification helps reduce portfolio volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole.
- Portfolio risk can be reduced by increasing the diversification of the portfolio by selecting asset classes based on their correlation with the portfolio.

2. Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has also been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.

3. Equities offer the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including occasional declines in value).

4. Picking individual securities and timing the purchase or sale of investments in the attempt to “beat the market” are highly unlikely to increase long-term investment returns; they also can significantly increase transaction costs and taxes.

We primarily offer advice on mutual funds. However, from time to time we may also provide advice on the following:

- Equity securities such as:

- Exchange-listed securities including Exchange Traded Products such as ETFs.
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- United States government securities
- Options contracts on:
  - Securities

The primary investment strategies used to implement investment advice given to Clients include long-term (securities held at least one year) and short-term (securities sold within a year) purchases, taking into consideration a Client's tax situation when buying or selling securities and mutual funds.

We are advocates of an overall passive approach to investing, particularly in equities. We utilize widely known research in the history of returns in U.S. financial markets, which has shown that approximately 90% of the variability in portfolio returns is due to the asset allocation decision. Further study by peer-reviewed academics supports the tenet that, on average, money managers are not adding value above their asset allocation policy due to their combination of timing, security selection, management fees and expenses.

Our passive approach is also based on the science of the capital markets, rather than speculation and market timing, using primarily Dimensional Fund Advisors (DFA) mutual funds. This approach builds broadly-diversified portfolios in the worldwide fixed-income and equity markets, combined with periodic rebalancing.

“Passive” or “indexing” is an investment approach that seeks to track the performance of a specific benchmark, or index. Index funds do this by holding all (or a representative sample) of the securities in the index being tracked. This “passive” investment approach emphasizes broad diversification, limited trading of the securities held in the portfolio, and low costs. “Active management” generally refers to a portfolio management strategy where the manager makes specific investments with the goal of outperforming an investment benchmark index. Investors or mutual funds that do not aspire to create a return in excess of a benchmark index will often invest in an index fund that replicates as closely as possible the investment weighting and returns of that index; this is called passive management. Active management is the opposite of passive management, because in passive management the manager does *not* seek to outperform the benchmark index.

- B** We will use our best judgment and good faith efforts in rendering services to our Clients. However, we cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. Clients assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that

investment decisions made for this account are subject to various market, currency, economic, political and business risks. Nothing in the Agreement shall relieve us from any responsibility or liability we may have under state or federal statutes.

Except as may otherwise be provided by law, we are not liable to Clients for:

- Any loss that a Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- Any loss arising from our adherence to a Client's instructions; or
- Any act or failure to act by a custodian of a Client's account.

It is the responsibility of each Client to give us complete information and to notify us of any changes in financial circumstances or goals.

- C** As referenced above, our advisory services generally recommend a passive approach based on the science of the capital markets, rather than speculation and market timing, using primarily passive mutual funds and other index-based mutual funds.

### **Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No principal or person associated with EFA has any information to disclose which is applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

Evergreen Financial Advisors is an independent investment advisory firm. We provide investment management services and also offer financial planning services. EFA's principal, Nelson Rutherford, retired as Managing Partner of the CPA firm Alten Sakai & Company LLP on December 31, 2017, and now holds the title "of Counsel" as part of that transition.

Clients of the CPA firm may also be Clients of our investment advisory firm, in which case, the principals of the firms will receive compensation for providing advisory services as well as for providing CPA services. This scenario creates a conflict of interest because there is an incentive to recommend the affiliated CPA firm for accounting services. In this type of situation, we will first disclose the affiliation and advise Clients that they are free to seek similar services from any CPA firm they wish.

We also utilize the services of Multnomah Group, Inc., an Oregon Corporation and SEC registered investment advisor, as a sub-advisor to provide certain services to our Clients' accounts. Services provided by Multnomah Group, Inc. ("Multnomah" or "sub-advisor") may include, but are not limited to the following:

- Research
- Due diligence
- Reporting
- Portfolio analysis
- Portfolio management and
- Back office administration

Upon entering into an Investment Advisory Agreement with Advisor, Clients authorize us to use Multnomah to service the Client's account, including billing and the deduction of fees from Client accounts. Clients agree to allow us to share non-public, personal information with Multnomah for the purpose of administering and managing Client's account. We require Multnomah to execute a confidentiality agreement and not share Client information with any unauthorized person or entity.

The use of Multnomah will not cause Client to incur any additional fees. We pay Multnomah for services out of the total advisory fee charged to Client. Our fee schedule is disclosed under Item 5 above.

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

- A** We have a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct, and fiduciary duty to Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities-trading procedures, among other things.

A copy of the code of ethics is available to any Client or prospective Client upon request. Our Clients or prospective Clients may request a copy of the firm's Code of Ethics by contacting Nelson Rutherford at (503) 297-7654 or [nelson@efaor.com](mailto:nelson@efaor.com).

Mr. Rutherford holds the Personal Financial Specialist designation and adheres to the Code of Professional Conduct of the Oregon Board of Accountancy and the American Institute of CPAs. Additionally, Mr. Rutherford also holds the CFP® certificate and is subject to the Code of Ethics and Professional Responsibility of the Certified Financial Planner Board of Standards, Inc. These codes are available online, and we can also provide them upon request.

Information about these professional designations is included in Part 2B, Item 2.

- B-D** We do not own or manage any companies or investments that we advise our Clients to buy.

EFA or individuals associated with our firm may buy and sell some of the same securities for their own account that we buy and sell for Clients. When appropriate we will purchase or sell securities for Clients before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account. In some cases we or our representatives may buy or sell securities for our accounts for reasons not related to the strategies adopted for our Clients. Our employees and other persons associated with us are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for Clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with making decisions in the best interest of advisory Clients while at the same time, allowing employees to invest for their own accounts.

We will disclose to advisory Clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of our firm shall not buy or sell securities for a personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the

investing public on reasonable inquiry. No person of our firm shall prefer his or her own interest to that of any advisory Client.

2. We maintain a list of all securities holdings for the firm and for anyone associated with our advisory practice who has access to advisory recommendations. An appropriate officer of the firm reviews these holdings on a regular basis.
3. Any individual not in observance of the above may be subject to termination.

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## Item 12 – Brokerage Practices

**A** Our Clients' assets are held by independent third-party custodians. Except to the extent that the Client directs otherwise, we may use our discretion in recommending the broker-dealer. The Client is not obligated to effect transactions through any broker-dealer recommended by us. In recommending broker-dealers, we will comply with our fiduciary duty to seek best execution and with the Securities Exchange Act of 1934. We will take into account such relevant factors as:

- Price;
- The custodian's facilities, reliability and financial responsibility;
- The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such custodian to EFA, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- Any other factors that we consider to be relevant.

Generally speaking, we will recommend that Clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co. Inc. ("Schwab") so long as Schwab continues to meet the above criteria. We work primarily with Schwab for administrative convenience and also because Schwab offers a good value to our Clients for the transaction costs and other costs incurred.

Schwab is a registered broker-dealer and SIPC member. Schwab provides us with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services are generally available to independent investment advisors at no charge to them so long as a total of at least \$10 million of the advisor's Clients' account assets are maintained at Schwab Institutional.

Schwab's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to us other products and services that benefit us but may not directly benefit Clients' accounts. Some of these other products and services assist us in managing and administering Clients' accounts. These include software and other technology that provide access to Client account data (such as trade confirmation and account statements), facilitate trade execution, provide research, pricing information and other market data, facilitate payment of our fees from Clients' accounts and assist with back-office support, recordkeeping and Client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at Schwab Institutional.



Schwab may also provide other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to us by independent third-parties. Schwab may discount or waive fees that it would otherwise charge for some of these services, or pay all or a part of the fees charged by a third party for providing these services. The availability of the foregoing products and services is not contingent on us committing to Schwab any specific amount of business (assets in custody or trading).

The above benefits are generally considered to be “soft dollar” arrangements. As a result of receiving such products and services for no cost, we have an incentive to recommend custodians and/or broker-dealers to Clients that offer soft dollar arrangements. Because these interests are in conflict with the Clients’ interest of obtaining the lowest commission rate available, we periodically evaluate custodians and/or broker dealers to determine whether the custody and transaction fees are reasonable in relation to the value of services provided.

### Item 13 – Review of Accounts

**A** Accounts are reviewed by Nelson Rutherford, who is responsible for overseeing all investment advisory activities for the firm. Nelson Rutherford holds both of the following designations:

- Personal Financial Specialist (PFS)
- Certified Financial Planner (CFP®)

See Part 2B, Item 2 on page 22 for information about these professional designations.

The frequency of reviews is determined based on the Client's investment objectives. Accounts are generally reviewed quarterly, but in any event, no less than annually.

**B** More frequent reviews may be triggered by a change in Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in the economic climate.

**C** Investment advisory Clients receive standard account statements from the custodian of their accounts on a monthly basis if there is activity; otherwise, no less than quarterly. We also provide Clients with a written report summarizing the account activity and performance generally quarterly, but in any event, no less than annually. Along with these reports, we discuss comparisons to indices performance, as well as asset allocation of the portfolio compared to portfolio target allocations.

We schedule financial planning reviews with Clients approximately once a year, on a rotating basis through various areas of financial planning. Clients can also initiate financial planning reviews with us if they have changes in their personal circumstances or concerns.

#### **Item 14 – Client Referrals and Other Compensation**

As disclosed under Item 12 (above), we may receive “soft dollars” from an unrelated third-party custodian or broker-dealer. The conflicts of interest this type of arrangement presents and how we deal with these conflicts are described in detail under Section 12, above.

We have no arrangements, written or oral, in which we compensate any third-parties for referrals of Clients.

### **Item 15 – Custody**

With the exception of our ability to debit fees, we do not otherwise have custody of the assets in the account.

We shall have no liability to a Client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian or other third parties, whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance. The Client understands that SIPC provides only limited protection for the loss of property held by a custodian.

Clients receive standard account statements from the custodian of their accounts. We also provide Clients with a written report summarizing the account activity and performance generally quarterly, but in any event, no less than annually. We urge all Clients to carefully review statements from the custodian and compare these to reports that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

Generally, Clients grant us ongoing and continuous discretionary authority to execute investment recommendations in accordance with a Statement of Investment Policy (or similar document used to establish each Client’s objectives and suitability), without the Client’s prior approval of each specific transaction. Under this discretionary authority, Client allows us to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on behalf of the Client in matters necessary or incidental to the handling of the account, including monitoring certain assets.

The only restrictions on our discretionary authority are those set by the Client on a case by case basis.

**Item 17 – Voting Client Securities**

- A** We do not vote Client securities on behalf of Clients. Additionally, we do not provide advice on how the Client should vote.
  
- B** We do not have authority to vote Client securities. Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a Client, they will be sent directly to the Client or a designated representative who is responsible to vote the proxy.

**Item 18 – Financial Information**

- A** We do require advisory fees to be paid in advance. However, we do not require the prepayment of fees in an amount more than \$500, more than six months in advance from any Client.
- B** We do have discretionary authority over Client funds or securities, but we have no financial commitments that impair our ability to meet contractual and fiduciary commitments to Clients.
- C** Neither EFA nor its principal have been the subject of a bankruptcy petition at any time in the past.

### Item 19 – Requirements for State-Registered Advisers

**A** Nelson E. Rutherford is the sole owner and executive officer of Evergreen Financial Advisors, Inc.

**Nelson Rutherford, CPA/PFS, CFP®** performs investment advisory services for Clients on behalf of EFA. Mr. Rutherford is also responsible for the day-to-day management and operations of the firm. Mr. Rutherford's education and background are separately detailed in Part 2B, Item 2 (below).

**B** Other Business Activities – See Part 2A, Item 10 (above).

**C** We do not receive performance-based fees.

**D** We have not been subject to any arbitration claims or any other proceedings (civil, self-regulatory organization or administrative).

**E** We have no relationships or arrangements with any securities issuers or otherwise, apart from those listed in Part 2A, Item 10 (above).



## NELSON E. RUTHERFORD

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February 25, 2019

This brochure supplement provides information about Nelson E. Rutherford, President of Evergreen Financial Advisors, Inc. Nelson Rutherford is a Certified Public Accountant (CPA) and has achieved the designations of Personal Financial Specialist (PFS) and Certified Financial Planner (CFP®). These designations are explained more fully below.

We require any supervised person involved in the practice of giving investment advice or consulting to Clients to have at a minimum, a bachelor degree from an accredited university, preferably with a major in finance, economics, or business, etc. These persons must also pass appropriate licensing examinations and are strongly encouraged to seek continuing education opportunities available in the industry, including appropriate certifications or designations.

Additional information about Evergreen Financial Advisors, Inc. and Nelson E. Rutherford is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for the firm is: 154635. The searchable CRD number for Mr. Rutherford is: 4655868.

## Item 2 – Educational Background and Business Experience

### **Nelson Rutherford, CPA/PFS, CFP®**

Year of Birth: 1947

President, Evergreen Financial Advisors, Inc. (May 2004 to Present)

After graduating from high school, Nelson attended Southern Oregon University and graduated in 1969 with a Bachelor of Science in Business Administration. After graduating from college, Nelson joined the accounting firm, Alten Sakai & Company LLP, in Portland, Oregon, where he served as Managing Partner through December 2017, and currently holds the title “of Counsel” to assist with his retirement transition. Nelson has been licensed as a CPA since 1974 and attended the College of Financial Planning, receiving his CFP designation in 2003. From 1999 – May 2004, Nelson was a shareholder in the registered investment advisory firm, Wealth Management, Inc.

**Certified Public Accountant (CPA)** CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (at least a baccalaureate degree and a concentration in accounting), minimum experience levels (Oregon requires at least two years of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. To maintain a CPA license, Oregon requires the completion of 80 hours of continuing professional education (CPE) over a two-year period. Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain Client consent if a conflict exists), maintain Client confidentiality, disclose to the Client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA’s *Code of Professional Conduct* within their state accountancy laws or have created their own. Evergreen Financial Advisors, Inc. is not registered as a public accounting firm and does not provide public accounting services.

**Personal Financial Specialist (PFS)** The PFS credential demonstrates that an individual has met the minimum education, experience and testing required of a CPA in addition to a minimum level of expertise in personal financial planning. To attain the PFS credential, a candidate must hold an unrevoked CPA license, fulfill 3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam and be an active member of the AICPA. A PFS credential holder is required to adhere to AICPA’s *Code of Professional Conduct*, and is encouraged to follow AICPA’s *Statement on Responsibilities in Financial Planning Practice*. To maintain the PFS credential, the recipient must complete 20 hours of financial planning CPE credits every year. The AICPA administers the PFS credential.

**CERTIFIED FINANCIAL PLANNER™, CFP®** and federally registered CFP (with a flame design) marks (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. It 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 attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined are necessary for the competent and professional delivery of financial planning services, and attain a bachelor’s degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and Client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by the CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their Clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to the CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **Item 3 – Disciplinary Information**

I have not been subject to any legal or disciplinary proceedings which would be considered material (or otherwise) to a Client’s evaluation of me or any of the services EFA provides.

#### **Item 4 – Other Business Activities**

See Item 10 in Part 2A.

#### **Item 5 – Additional Compensation**

I only receive compensation from Clients in the form of advisory fees. I receive no compensation in relation to the investment advice provided to Clients from any third parties.

#### **Item 6 – Supervision**

I am responsible for all services and advice provided to Clients of EFA. I prepare all investment policies, forms and procedures for working with Clients and for managing the firm.

#### **Item 7 – Requirements for State-Registered Advisers**

I have never been subject to an award or otherwise been found liable in an arbitration claim, or in a civil, self-regulatory organization or administrative proceeding in any of the following: (a) an investment or an investment-related business or activity ; (b) fraud, false statement(s), or omissions; (c) theft, embezzlement, or other wrongful taking of property; (d) bribery, forgery, counterfeiting, or extortion; or (e) dishonest, unfair, or unethical practices. I have never been the subject of any bankruptcy petition.