

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: Foundation Financial, Inc.	SEC File Number: 801-NA	Date: 8/15/07
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Foundation Financial, Inc.	IRS Empl. Ident. No.: 56-2180358
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Item of Form (identify)	Answer
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Item 1.D.

SERVICES & FEES OF FOUNDATION FINANCIAL, INC.

Foundation Financial, Inc. (FFI) is a South Carolina Registered Investment Adviser (RIA).

- **MISSION** –excellence in Biblically Responsible Investing
- **VISION** – Christians honoring God through investments aligned with biblical values
- **VALUES** – biblical values

Christian investors are stewards who need: (1) investments that are consistent with their biblical worldview, and (2) a good risk adjusted return on these investments.

Foundation Financial provides services in three areas:

- **Values** – select companies whose businesses & operations are consistent with biblical values;
- **Return** – manage three mid cap, BRI portfolios that are diversified and asset-allocated; and
- **Style** – provide access to BRI-oriented managers with other styles, including large cap, small cap and international.

FFI provides these services primarily through separately managed accounts (SMAs). For our diversified, mid cap, BRI portfolios, we follow a 12 Step Investment Process:

1. **Values** – own only companies that reflect biblical values;
2. **Growth** – select rapidly growing companies to achieve good long term growth;
3. **Concentration** – own 24 stocks to focus research attention & increase investment discipline;
4. **Diversification** – choose companies from the major economic sectors and different industries in each sector to reduce short term portfolio volatility;
5. **MPT Evaluation** – use MPT (modern portfolio theory) statistics to better understand the investment characteristics of the portfolio and seek a good risk adjusted return;
6. **Benchmark** – use a relevant benchmark to compare and judge performance;
7. **Asset Allocation** – reduce risk and short-term volatility further by adding portfolios with high yield stocks and bond funds;
8. **Models** – use model portfolios to serve investors equally, efficiently and effectively;
9. **Sell Discipline** – set and execute a predetermined sell strategy to avoid excessive erosion of capital;
10. **Monthly Monitoring** – track performance & MPT characteristics to identify and implement adjustments needed to achieve a good risk adjusted, long term return;
11. **Quarterly Report** – publish and explain the results to investors and their advisors; and
12. **Annual Review** – conduct in depth, company by company, structural & tactical reviews each year and make appropriate adjustments consistent with this Investment Process.

FFI manages three asset allocated BRI portfolios with the following names and characteristics.

Foundation Financial's Three Asset Allocated Mid Cap Portfolios						
	1. Growth		2. Moderate Growth		3. Conservative Growth	
	Number	Percent	Number	Percent	Number	Percent
Stocks	24	97%	24	75%	24	55%
High Yield Stocks	---	---	4	20%	4	20%
Bond Funds	---	---	---	---	2	18%
Money Market	1	3%	1	5%	1	7%
Total	25	100%	29	100%	31	100%

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	<p>Mid cap companies are likely to achieve a better return than large cap and have less risk (i.e., less short term volatility) than small cap companies. Each portfolio has the same stocks in the same proportions. The portfolios have high Sharpe ratios, which is consistent with the expectation of a good risk adjusted return. Our biblically-based screening has identified many companies with fine long term records.</p> <p>FFI serves investors <i>directly</i>, mainly in upstate South Carolina. We provide investment management of BRI, mid cap portfolios, as described above. We also provide investment counseling, which includes:</p> <ul style="list-style-type: none"> • Sound investing – consistent with biblical wisdom and risk tolerance • BRI access – evaluation of and access to BRI managers of SMAs and mutual funds <p>FFI utilizes a team of experts in upstate SC to provide financial services based on biblical financial wisdom. These BRI-related services include: financial planning, estate law, estate planning, accounting and insurance.</p> <p>FFI also serves investors <i>indirectly</i>, mainly outside upstate SC, through investment advisors. We serve advisors (and their clients) by providing our BRI, mid cap, separate account, investment management services with back office administrative support from BridgePortfolio. In addition, as a participant in BRI Manager Marketplace, our investment management services are available through this innovative, low-cost platform that was created and is managed by BridgePortfolio and IW Financial.</p> <p>In addition, we provide BRI-related services that include: (1) evaluating and monitoring BRI managers of SMAs and mutual funds, and (2) providing BRI-related consulting services that fulfill our vision of seeing many Christians honor God through investments aligned with biblical values.</p> <p>FFI uses advisory agreements, sub-advisory agreements, consulting agreements and other relationships, such as through the BRI Manager Marketplace, to provide these BRI-related services.</p> <p>Russell E. Miller (President & Chief Investment Officer) has a CFA, an MBA and over thirty years of investment experience, including eight focused on biblically responsible investing.</p> <p>Fees</p> <p>FFI Investment Advisory Fees for clients mainly in upstate SC are based on total assets in an account family. Fees are shown below in basis points or bps, where 100 bps equals 1%.</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Below \$100,000</td> <td>200 bps</td> </tr> <tr> <td>\$100,000-250,000</td> <td>175 bps</td> </tr> <tr> <td>\$250,000-500,000</td> <td>150 bps</td> </tr> <tr> <td>\$500,000-1,000,000</td> <td>125 bps</td> </tr> <tr> <td>\$1-3 million</td> <td>100 bps</td> </tr> </table> <p>These fees reflect economies of scale for larger accounts. Fees pay for investment advisory services (investment counseling, account opening and individual investor services), investment management, bookkeeping, performance reporting and online access to account data. The minimum annual FFI fee per account is \$500 for separately managed accounts. We also provide limited investment advisory services for smaller investors, who invest mainly through mutual funds. The FFI fee <i>excludes</i> custodial / stock transaction costs and investment management fees of mutual funds.</p> <p>FFI sub-advisory, consulting and other fees for advisors mainly outside upstate SC are tailored to individual needs and are, we believe, competitive with fees for similar services. Proposed fees</p>	Below \$100,000	200 bps	\$100,000-250,000	175 bps	\$250,000-500,000	150 bps	\$500,000-1,000,000	125 bps	\$1-3 million	100 bps
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Item 3.	<p>are part of individual proposals. Most fees are basis points based on assets. Hourly, retainer and fixed fees are also available.</p> <p>Termination & Refund. Clients may terminate FFI services with 30 days written notice. Refunds of FFI fees will be given for prepaid services that are not used.</p>
Items 4. A, B, C	<p>TYPE OF INVESTMENTS</p> <p>Foundation Financial focuses on a diversified portfolio of long term stock investments in mid cap companies whose businesses and operations are consistent with biblical values. FFI also provides mid cap asset allocated BRI portfolios with investments in high yield stocks and bonds (using mutual bond funds). In addition, FFI facilitates investments in BRI-oriented separate accounts and mutual funds.</p> <p>ANALYSIS, INFORMATION SOURCES & INVESTMENT STRATEGIES</p> <p>There are two main aspects of Foundation Financial analysis:</p> <p>1. Values. Foundation Financial recommends investments only in the stocks of companies whose business and operations are consistent with biblical values. We use IW Financial’s online values data for negative and positive screening. We exclude companies that undermine biblical / traditional family values, including: tobacco, alcohol, gambling, pornography, abortion, non-traditional marriage lifestyles, violent entertainment and embryonic stem cell research. We favor companies that provide essential and high quality products and services, treat people with respect and demonstrate integrity, excellence and discipline in their operations.</p> <p>2. Return. Within this BRI universe, FFI seeks long term investments that can be held for at least five years. While past performance does not guarantee future results, good past long term performance may indicate the presence of factors that could contribute to continued good future performance of both the company and its stock. These factors include: market growth, competitive company position and management actions. We think there is a positive correlation between companies with good values and good performance.</p> <p>Our information sources are mainly online, including: (1) values data – such as from IW Financial, company publications, Google and the SEC; and (2) financial data - such as from Yahoo finance and S&P. Time permitting, we also listen to company briefings, contact companies by phone and visit companies for interviews.</p> <p>Our investment strategy is buy and hold. We identify companies with good values and a good record of long-term growth which we think are likely to continue. FFI is not a short-term market timer. We buy the company stocks at current prices when each account is invested. We think time invested in the market is more important than the attempted timing of the market. However, we do monitor intermediate term trends of industry segments and attempt to emphasize industries with an improving / favorable intermediate term outlook and avoid industries with a deteriorating / unfavorable outlook.</p> <p>Our mid cap portfolios are concentrated (fewer than 30 stocks) and diversified. We emphasize model portfolios to focus our investment management and help us manage portfolios fairly, efficiently and effectively for all clients. We also offer individualized services such as gifting of appreciated securities and tax loss selling.</p> <p>We are accountable to our clients, updating them regularly with quarterly letters on our progress.</p>

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Item 5.	<p>We want to help Christians align their investments with their values and earn a good long term, risk adjusted return.</p> <p>EDUCATION & BUSINESS STANDARDS</p> <p>Foundation Financial, Inc. believes its advisers should have a college degree and investment business experience before advising clients about investments.</p>
Item 6.	<p>EDUCATION & BUSINESS BACKGROUND</p> <p>Russell E. Miller, CFA Born 1942</p> <p>Education BA, Bowdoin College (1964) in Brunswick, ME (Major – Economics) MBA, Columbia Business School (1966) in New York, NY (Major – Finance)</p> <p>Business Background</p> <p>2006-present IW Financial Sales Consultant 2003-present American Values Investments (RIA), Chief Investment Counsel 2000-present Foundation Financial (RIA), President & Chief Investment Officer 2001-2002 Stewardship Partners (RIA), securities analysis and sales 1998-2001 Values Investment Forum, values research 1993-1998 Retired, cared for wife with compromised health 1992-1993 King Aire, Owner / Manager of air purifier manufacturer 1992 Tovey & Company, Energy Investment Banking 1981-1991 Alex. Brown & Sons, Energy Investment Research & Banking 1974-1981 T. Rowe Price Associates, Energy Investment Research 1973-1974 Blyth Eastman Dillon, Energy Investment Research 1967-1973 Prudential Insurance Company, Energy Investment Research & Training 1966-1967 Spencer Stuart & Associates, Executive Recruiting</p> <p>Other Education</p> <p>1999 NASD Series 65 Exam (Registered Investment Advisor) 1999 NASD Series 63 Exam (uniform commercial law) 1985 NASD Supervisory Analyst Exam 1973 CFA from CFA Institute</p>
Item 7. A.	<p>OTHER BUSINESS ACTIVITIES</p> <p>As described in Item 8. C. (3) below, in addition to being President of Foundation Financial, Russell E. Miller, CFA, is also Chief Investment Counsel of American Values Investments and is a sales consultant with IW Financial, a leading provider of values information on companies. Miller may also use his investment research, investment management and business skills to provide consulting services to other firms.</p>
Item 8. C. (3)	<p>INVESTMENT ADVISER AFFILIATIONS</p> <p>Russell E. Miller, CFA, is President and Chief Investment Officer of Foundational Financial, Inc. (FFI), which he founded in 2000. FFI is a Registered Investment Advisor (RIA) in South Carolina. Miller is also Chief Investment Counsel of American Values Investments, an RIA in Johnson City, TN. Miller has guided their investments since early 2003. FFI retains American Values as a sub-</p>

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Item 9. D.	<p>advisor to manage some FFI accounts. Miller is a consultant with IW Financial, a provider of values information on companies. Miller also may use his investment research, management and business skills to provide consulting services to other firms.</p> <p>FINANCIAL INTERESTS</p> <p>See "Investment Advisor Affiliations" above.</p>
Item 9. E.	<p>POTENTIAL CONFLICTS OF INTEREST</p> <p>Foundation Financial and related persons may invest in securities and mutual funds that it recommends. However, no employee shall buy or sell securities for his / her own account (s), where the decision is substantially derived from his / her FFI employment, unless the information upon which the investment decision is made is also available to the investment public.</p>
Item 10.	<p>AN ACCOUNT CONDITION – MINIMUM FEE</p> <p>The minimum annual FFI advisory fee is \$500 for a separately managed account with biblical values stocks.</p>
Item 12. A.	<p>INVESTMENT OR BROKERAGE DISCRETION</p> <p>In accordance with the Foundation Financial Investment Advisory Agreement, FFI manages three main model portfolios of separately managed accounts, including: (1) Growth – a diversified portfolio of 24 stocks, (2) Moderate Growth – smaller allocations of the same stocks, plus 4 high yield stocks to reduce risk, and (3) Conservative Growth – smaller allocations of the same 24 stocks and 2 high yield stocks, plus 2 bond funds to further reduce risk. (See table above.) To meet specific client needs, accounts may be detached from the model, such as for gifting of appreciated stock or sales to meet unexpected cash needs.</p>
Item 12. B.	<p>A SUGGESTED BROKER</p> <p>To facilitate provision of its investment advisory services, Foundation Financial suggests that clients obtain custodial services through a custodian which provides web-based investment services. While there is no direct link between FFI advice and its participation in a specific program, economic benefits are received by both the client and FFI.</p> <p>These benefits include: (1) account opening – use of web-based, integrated account opening software, (2) performance – receipt of regularly updated performance information that meets regulatory standards, (3) electronic data - access to an electronic communication network for client order entry and account information; (4) trading desk - access to a trading desk that serves participants exclusively; (6) block trading – access to block trading, which reduces transaction costs by aggregating securities transactions and then allocating the appropriate shares to each client account; (7) facilitated fee collection - ability to have pre-authorized advisory and management fees deducted from client accounts; (8) compliance information - receipt of compliance information; and (9) mutual fund access - preferred access to mutual funds with lower minimum initial investments than are generally available to individual investors.</p> <p>Foundation Financial believes this package of services justifies the web-based and custodial fees charged.</p>

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