

Item 1 – Cover Page

Urban Financial Advisory Corporation

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September 8, 2015

This Brochure provides information about the qualifications and business practices of Urban Financial Advisory Corporation. If you have any questions about the contents of this Brochure, please contact the principal at the firm, Steven D. Urban at (312) 379-0150 or send your questions in an e-mail to info@ufinadv.com. 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.

Urban Financial Advisory Corporation is a registered investment adviser with the SEC. You should be aware that the registration of an investment adviser does not imply any particular level of skill or training. The oral and written communications of an adviser provides you with information which you may determine to be pertinent in your decision to hire or retain an adviser.

Additional information about Urban Financial Advisory Corporation also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated September 8, 2015 is the most current amendment to the original document dated May 17, 2011, which was prepared according to the SEC’s new requirements and rules.

With regard to this amendment dated September 8, 2015, there have been no material changes which have been made to the previous Brochure dated September 25, 2014.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year, which occurs on June 30th. We may further provide other ongoing disclosure information about material changes as necessary.

We will further 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 Steven D. Urban, President at (312) 379–0150. Our Brochure is also available on our web site, www.ufinadv.com, also free of charge.

Additional information about Urban Financial Advisory Corporation is also available via the SEC’s web site www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

Urban Financial Advisory Corporation (UFAC) was founded in 1990 by current firm president and sole shareholder, Steven D. Urban. Please see the Brochure Supplement for more information regarding Mr. Urban and other associates within the firm. UFAC is an independent financial planning and investment advisory firm located in Chicago, Illinois. In the following description of our advisory business, “we” or “our” will refer to UFAC and “you” or “your” will refer to our existing or prospective clients.

We believe the best way to provide an understanding of our advisory business is to describe the process we generally engage in with one of our typical clients. Although we consider ourselves an investment advisory firm, commonly, we would begin to work with you by providing some level of financial planning services. Depending on one’s particular circumstances, initial financial planning does not necessarily have to be the starting point, but it is usually mutually determined to be appropriate. Financial planning services are quite distinct from investment advisory services, but we believe them to be so integral to the delivery of the latter that they require further explanation.

The financial planning process would be described to you initially in a written proposal. The financial planning process involves gathering financial information from you and discussing with you your goals and objectives. Often, there is a major financial event triggering the need for the planning such as retirement or an inheritance, but sometimes it could be for no other reason than that no significant planning has ever or recently been done. With the financial data provided, we create personalized financial projections consisting of cash flow and account and asset values. We have found that a comprehensive and consultative review of these projections is the most effective means of identifying, prioritizing and understanding a host of financial planning issues.

Further, we believe that investment policy can best be formulated as a result of thorough review of the financial projections. Investment policy is comprised of the standards and rules you establish for the investment and ongoing management of your portfolio. Your portfolio is comprised of the various types of financial accounts you may have.

Therefore, as part of the financial planning review, we will also suggest and explain to you an investment policy for your portfolio. We would generally conclude the planning process by providing to you a written summary of conclusion and recommendations. This summary would reiterate the rationale underlying the investment policy suggested during the planning session(s). This summary would also be considered the end of the planning portion of the engagement and an invoice per the estimate provided in the original

proposal would be included. At this point, you would be free to implement the investment policy suggested on your own, direct and monitor another in doing so or to continue to evaluate alternative approaches. There would be no commitment or requirement to retain us to implement or monitor the investment policy suggested. However, our general experience has been that many individuals interested in utilizing the investment policy suggested will contract with us for such services.

Should you determine to utilize our firm for investment advisory services, we would generally provide to you an investment policy statement which would reiterate the policy suggested during the planning. You would also be provided an investment advisory contract which would spell out the rights and duties of our relationship. Upon execution of these documents, you would establish accounts over which we would have a limited trading authorization. (For more information on brokerage accounts, please see Item 12, Brokerage Practices). When accounts were funded we would then engage in deployment of the funds within the accounts of the portfolio pursuant to the terms of the investment policy. (For specifics on many of the aspects of ongoing portfolio management, please see Item 8, Methods of Analysis, Strategies and Risk of Loss). In general, our firm does not limit its advice to any specific type of investment.

Each quarter, most clients would be provided a detailed performance report for your portfolio. This report would explain in detail the performance of the overall portfolio as well as its specific components. It also would generally discuss the economic environment as well as provide a detailed explanation of any anticipated changes within the portfolio during the current period. In addition to performance reporting, we consider these quarterly performance reports as ongoing updates to the investment policy statement.

Our firm has utilized this approach toward the delivery of financial planning and investment advisory services since its inception. As of June 30, 2015, UFAC manages investment advisory client assets in the amount of \$703,973,335. Of this amount, \$666,382,071 is managed on a discretionary basis pursuant to an agreed upon investment policy, and \$37,591,264 is managed on a non-discretionary basis, throughout approximately 142 portfolios. The balance of funds is maintained for our clients on a non-discretionary basis.

Item 5 – Fees and Compensation

UFAC is compensated for investment advisory services generally on the basis of a percentage of the assets under discretionary management. On occasion, a flat management fee may be negotiated with the client, but this is usually in cases where more limited advisory services are required by the client. Certain clients may have negotiated a reduction to the published fees based upon the qualitative nature of the relationship. The published investment advisory fee structure includes the provision of financial planning services necessary to maintain the investment policy for the portfolio. Extraordinary financial planning services beyond what would be necessary to maintain the agreed upon investment policy may require additional planning fees which would be quoted prior to the initiation of service delivery. For example, if the client inherited a large sum of money after having been retired for several years, this may necessitate more extensive planning than envisioned within the original retirement plan. We would identify such situations ahead of time and alert the client of the potential requirement for additional financial planning which they could agree to or decline.

UFAC does not receive any commissions, loads or referral fees on any investment service or product. Although the firm may perform due diligence or consulting on various types of financial products such as insurance or annuities, the firm does not offer or sell any such products.

Clients either pay a quarterly investment advisory fee based upon assets under management (between .0875% (8.75 basis points) and .0375% (3.75 basis points)) depending on the size of the portfolio, generally subject to a \$875 per quarter minimum fee, or pay a fixed quarterly fee on a pre-negotiated basis. An initial portfolio set-up fee may also apply and is generally \$750. UFAC generally imposes a minimum dollar value of \$1,000,000 in assets for initiating services, although in certain circumstances this may be waived. Some clients with older investment advisory contracts have lower rates and fees. The investment advisory fee structure is as follows:

<u>Schedule of Investment Advisory Services Fees</u>		
<u>Discretionary Amount Under Management</u>	<u>Annual Rate</u>	<u>Quarterly Billing Rate</u>
Minimum on first \$1,000,000	0.35% or \$3,500	0.0875% or \$875
Next \$1,000,000 up to \$2,000,000	0.30%	0.0750%
Next \$1,000,000 up to \$3,000,000	0.25%	0.0625%
Next \$1,000,000 up to \$4,000,000	0.20%	0.0500%
Above \$4,000,000	0.15%	0.0375%

The specific manner in which fees are charged is established in your investment advisory contract. We will generally bill investment advisory fees in advance on a quarterly basis at the beginning of each quarter. Fees are based on the ending balance of your account as of the last business day of the prior quarter. If you establish an account during a quarter we will pro rate the management fee based on the number of days remaining in the quarter. You may elect to be billed directly for fees or, for your convenience; you may authorize us to directly debit fees from your account(s). Where fees are directly debited from your account(s), you would still be provided a statement beforehand showing the calculation of the fees for that period. Upon termination of an account, any prepaid, unearned fees would be refunded, and any earned, unpaid fees would be due and payable.

Our investment advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which you may incur. For example, you may incur certain charges imposed by custodians, brokers, and other third parties. Such fees may include transaction fees or commissions on the purchase or sale of mutual funds or equity securities such as stocks. Other such fees may include fees charged by fund managers or broker custodians such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our investment

advisory fee and we do not receive any portion of these other commissions, fees, and costs.

Item 12 further describes the factors that UFAC considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

We do not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets within an account or portfolio) or manage accounts on a side-by-side basis (simultaneous management of other funds, such as private equity or hedge funds). Item 5 is a comprehensive description of our only policy with respect to investment advisory fees.

Item 7 – Types of Clients

Our clients are generally mid to high net worth individuals seeking financial planning and investment advice from an objective source which is not affiliated with a larger institution. We service clients located across the United States as well as several residing overseas. We may also provide investment advisory services to other entities such as trusts, businesses such as partnerships or limited liability companies, retirement plans, estates or charitable organizations, but generally, such entities are related to the client who is an individual.

We have extensive experience providing comprehensive retirement planning services for employees of BP plc and predecessor companies. This work requires detailed knowledge of BP plc's qualified and non-qualified retirement, savings and compensation and incentive plans. This experience also has broad application in allowing us to deliver similar services to employees of other corporations and partnerships.

Although there is no minimum account size necessary to engage us to provide financial planning services, as described more fully in item 5, there are minimum investment advisory fees implying a portfolio of at least \$1,000,000, although in certain circumstances this may be waived.

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

With the financial planning process more fully discussed above in Item 5, we will describe to you in some detail the rationale behind the investment policy generally suggested. In this section, we will also briefly describe our methodology of deploying and monitoring the strategy.

The investment policy we generally suggest to you is based on the premise that time and diversification are the most critical considerations in investment policy development. This is further based on the premise that, over the longer term, income-oriented assets (cash and bonds) fail to provide an adequate hedge to inflation since, after the effects of taxes and inflation, expected return is nominal. In order to achieve a higher total expected rate of return, investments in growth-oriented assets (equities and real estate) are required. Since growth-oriented assets carry significantly more risk (volatility) than fixed income, the firm advises that only funds which can be committed for the longer term are appropriate for growth oriented investment. This is why there is a strong emphasis on the initial financial planning. We believe it is critical to have a process to help define what portion of your assets can be committed for the longer term. Thus, your financial projections are referenced to determine when you may likely need to access funds from your portfolio. For those funds you require in the short to intermediate term, we will suggest that those be directed to cash and bond exposure. For the funds which you can prove will not likely be required for the longer term, we will suggest to you that those be directed toward equity exposure. We would further suggest that this policy be implemented and maintained on an ongoing basis.

This approach can mean that two similar people with similarly sized portfolios may have distinctly different portfolio allocations based upon when each had a requirement to draw funds from their accounts. If one had no requirements to draw funds from their portfolio for several years, they may have a very high, if not complete, orientation toward growth or equities. The other individual may need to draw from the portfolio immediately and over the next several years. We would then suggest that those expected draws from the portfolio be represented by cash and bond exposure. The result would be a lower exposure to growth in the latter portfolio. Note that in this process, to this point, your personal attitude, or what we call subjective tolerance to risk, has not been considered. In our opinion, that is better achieved at the end of this process. For example, if the client who has no need to draw capital from his portfolio over the longer term sees that we suggest a complete orientation toward equity exposure, they may indicate that they personally cannot tolerate that level of potential volatility. In that case, we would work with you to examine potential scenarios and determine a more appropriate level of growth exposure based upon these subjective considerations.

For the cash and fixed income portion of the portfolio, we generally will suggest that your requirements for the next year be maintained in a money market fund and/or short term bond fund. Then, for the next several years of projected draws against the portfolio, we will generally suggest that diversified bond exposure be established with maturities that approximately match the projected draws. For larger portfolios, this bond exposure is commonly established through the acquisition of individual bond issues and, for more limited portfolios, it is established through the purchase of bond funds of varying average duration. The policy mix of bond exposure to be established is developed based upon your projected income tax position as well as overall diversification considerations. Various internal and external research is utilized in the analysis of appropriate individual bond issues and bond funds for your portfolio. Such research includes publications of private rating agencies, research available through broker-dealers and the internet, as well as participation in various conferences provided through numerous entities.

For the growth component of the portfolio, we will generally suggest broad diversification over most of the characteristics of equity investing. Such characteristics include capitalization, domestic and international orientation as well as the style of management to be employed. As this implies fairly broad diversification, we generally suggest that equity mutual funds be used to achieve this exposure although we also utilize some exchange-traded funds as well. We generally will not manage, utilize or provide advice on any individual company stocks, although you are able to hold such positions in your account on a non-discretionary basis. Occasionally, we may offer advice on direct participation investments including non-exchange listed debt and equity securities but this is usually done for a separately negotiated fee. Margin transactions, option writing and short-term purchases of securities are discouraged. We use our own proprietary analytical tools for determining the overall equity benchmark weightings suggested. We then use third party analytical database information to further evaluate specific fund managers to be used within the growth component. This same data is utilized to evaluate the fund managers on an ongoing basis. The array of equity funds we finally determine to be appropriate we refer to as our model growth component.

Although the method described above espouses thorough financial planning, commitment of funds over appropriate durations of time as well as broad and effective diversification, the risk of substantial loss is still possible. Even though historical data would indicate that such losses should be mitigated over time, there can be no guarantee that such historical statistical attributes will persist and provide recovery from any such losses.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Urban Financial Advisory Corporation or the integrity of Urban Financial Advisory Corporation and/or its management persons. Urban Financial Advisory Corporation and its management persons have not been a party to or involved in any such legal actions or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Urban Financial Advisory Corporation nor any of its management persons or employees are registered as nor have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor.

Steven D. Urban, President of Urban Financial Advisory Corporation, is a licensed attorney in the State of Illinois and may provide legal services to UFAC clients through his attorney at law practice. This may be perceived as a potential conflict of interest and these services are provided separately from any investment advisory services or financial planning services of Urban Financial Advisory Corporation. Mr. Urban is also involved in income and estate tax planning including the preparation of income tax returns. These services are also provided separately from investment advisory and financial planning services, although these services are provided through Urban Financial Advisory Services Corporation. In either case, clients are not required to work with Mr. Urban in either capacity. Separate disclosure is made in Mr. Urban's supplemental brochure, ADV 2B.

Item 11 – Code of Ethics

UFAC is guided by its Code of Ethics in rendering all services. The firm deems its primary duty to be to act in your best interests and all operations of the firm are guided by this premise. Any advice rendered or action taken on your behalf is only after a thorough consideration and understanding of your financial situation and stated goals.

The firm's Code of Ethics is applicable to all employees of the firm and describes its standard of business conduct and fiduciary duty to you, and prohibits employees from

engaging in activities in which there is a conflict of interest. Further, the Code of Ethics includes provisions relating to the confidentiality of your information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at Urban Financial Advisory Corporation must acknowledge the terms of the Code of Ethics annually, or as amended.

UFAC employees may from time to time buy or sell securities for themselves that are also recommended to you. Due to the relative size and type of UFAC and client purchases and sales, as well as the fact that generally only mutual funds are involved, no restrictions or internal procedures are used for such transactions. You are informed that the firm and its employees may make such purchases and sales at time periods non-coincidental with purchases and sales within your own portfolio.

You may request a copy of the firm's Code of Ethics by contacting Steven D. Urban at (312) 379-0150.

Item 12 – Brokerage Practices

Brokers may be suggested to you based upon perceived service and value. Reasonableness of commissions and trading fees are determined by comparison to those of other brokers. Discounts from broker published commission rates are considered in the comparison. The availability and breadth of investment products such as third party mutual funds within centralized accounts is also considered in evaluating brokers. Further, the capacity to trade away within a given account is considered important in the selection of potential brokers. Trading away is the purchase or sale through a broker of a security not held in an account with that broker.

The value of products, research and services provided to us is not a factor in suggesting a broker to you as no implicit or explicit agreement to receive products, research or services exist between us and any broker. On occasion, we may be provided software by a broker that is utilized by us to electronically access client account data directly from the broker's system.

Generally, trading within your account is done independently of trades placed in other accounts. Exceptions to this practice occur when a large bond position is acquired to be allocated to more than one account. In this situation, we may aggregate the purchases or sales of the bond involved. When transactions are so aggregated, the actual sales price will be averaged and each client will be deemed to have sold or purchased his share

of the bond at the average price. Transaction costs will be shared pro rata by all clients participating in the aggregated transaction. Occasionally, the broker may charge a delivery fee if the bond was acquired through another broker.

Item 13 – Review of Accounts

We will generally review and provide to you a written report on your portfolio on a quarterly basis. Such reviews may include:

- a survey of value and quality rating changes of securities within your portfolio,
- an analysis of liquidity positions and your liquidity requirements from the portfolio,
- determination of steps necessary to deploy investment policy developed for your portfolio,
- discussions with you regarding the status of your portfolio and investment policy.

You will receive monthly statements directly from the broker reflecting activity and positions within your accounts. In addition, you will generally receive from us a quarterly report, based upon information obtained from the broker, which analyzes the change in account value during the quarter and asset allocation of the portfolio. We will urge you to carefully review statements from the broker and to compare statements we provide to you with those received directly from the broker.

The performance of certain securities in your portfolio is compared to various general indices and peer manager performance figures. The status of portfolio deployment against originally developed policy and immediate plans for the following quarter are also discussed within the quarterly report.

In addition, at a mutually agreed upon time each year, we will meet or confer with you to:

- update some of your financial planning as required,
- confirm or re-define the investment policy for your portfolio, and
- determine the scope of any follow up required.

Lastly, as described in Item 5, our ongoing investment advisory services include the provision of financial planning services necessary to maintain the investment policy established for your portfolio. Extraordinary financial planning services beyond what would be necessary to maintain the agreed upon investment policy may require additional planning fees which would be quoted prior to the initiation of service delivery.

Item 14 – Client Referrals and Other Compensation

We do not directly or indirectly compensate any person for client referrals. Also, we are not paid cash nor do we receive any other economic benefit (including commissions, sales awards, equipment, or non-research services) from non-clients in connection with the provision of financial planning or investment advisory services to you.

Item 15 – Custody

Although we will direct and monitor the purchase and sale of securities within the accounts of your portfolio, we do not hold or custody the cash or security of any client. Such custody is maintained by the brokerage firm you select. You do not alter or surrender the ownership of assets within the accounts of your portfolio. Our authority is limited to providing instructions to the broker regarding transactions within your accounts in accordance with the terms you agree upon within the investment advisory agreement and investment policy statement.

Further, we do not have the authority to withdraw any cash or securities from any account of your portfolio with the exception of fee withdrawal if you have so authorized. Pre-authorization of automatic fee withdrawal from the accounts of your portfolio is voluntary and not a condition of the provision of investment advisory services. In the case of your pre-authorized approval to have fees automatically debited from your account(s), you are provided an informational invoice prior to the debiting of any such fees. The brokerage agreements we utilize do authorize us to transfer cash or securities from your account to an account of the same registration. “Same-registration” means the same owner or owners titling the account. We only engage in such transfers upon your instruction. For example, many clients have a pre-established electronic funds transfer link between an account we may manage and their local checking account. Although this affords the client the capacity to direct such funds, they may also request us to facilitate a transfer.

You will receive monthly account statements from the broker that holds the cash and securities within the accounts of your portfolio. We urge you to carefully review such statements and compare such to the account statements and analyses that we may provide to you.

Item 16 – Investment Discretion

We will generally receive discretionary trading authority from you at the outset of an investment advisory relationship to select and identify the amount and type of securities to be bought or sold within the accounts of your portfolio. This discretionary trading authorization is contained within the brokerage agreement you will execute in the process of establishing an account with the broker you select. The discretionary trading authorization is further guided by the terms and provisions of the investment advisory agreement and investment policy statement which we will enter into between ourselves. Any investment guidelines and/or restrictions will generally be provided in writing and would be defined within the investment policy statement.

Item 17 – Voting Client Securities

We generally do not have the authority to vote proxies for the securities in your account. You will maintain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolio. Occasionally, we may provide to you information regarding the voting of such proxies.

Item 18 – Financial Information

Certain registered investment advisers who collect fees of a certain amount in advance are required in this Item to provide you with certain financial information or disclosures about their financial condition. However, we do not collect or solicit the prepayment of investment advisory fees of \$1,200 and six months in advance. In addition, we do not have any financial commitment that impairs our ability to meet contractual and fiduciary commitments to you nor have we ever been the subject of a bankruptcy proceeding.