

## **Item 1 – Cover Page**

### **Compass Wealth Advisors, LLC**

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Date of Brochure: March 2011

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This brochure provides information about the qualifications and business practices of Compass Wealth Advisors (“CWA”). If you have any questions about the contents of this brochure, please contact Linda Boss at 574-522-3838 or at [boss@compasswa.com](mailto:boss@compasswa.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.

Additional information about CWA is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm’s information on this website by searching for our name Compass Wealth Advisors or by our firm’s CRD number, which is **117129**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that CWA provides to clients as required by applicable rules and regulations. This Disclosure Brochure dated March 2011 is a new document prepared according to the new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Form ADV Part II and Schedule F did not require. In the future, this item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of the brochure. Our last update to the disclosure brochure was in August 2010.

In the past our firm has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

CWA is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Indiana.

- Our Chairman and Chief Investment Officer is Paul Reasoner.
- CWA has been registered as an investment advisor with the SEC since February 2002.

### **General Description of Primary Advisory Services**

The advisory services we provide include Financial Planning & Consulting services, Investment Management Services, and referrals to Independent Money Managers. A detailed description of each of our advisory services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the description of our services and our fees in a side-by-side manner.

### **Limits Advice to Certain Types of Investments.**

We provide investment advice on the following types of investments:

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities

We do not provide advice on options contracts on foreign issues, warrants, commercial paper, securities or commodities, futures contracts on tangibles and intangibles, interests in partnerships investing in real estate or oil and gas interests, or hedge funds and other types of private (i.e. non-registered) securities.

### **IPO POLICY**

CWA does not participate in initial public offerings (IPOs) on behalf of clients. If requested, a client may be directed to a broker who may assist them with IPOs.

When providing Investment Management Services, we typically construct each client’s account holdings using mutual funds and equities to build diversified portfolios. It is not CWA’s typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

CWA's services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Client Assets Managed by CWA**

The amount of clients assets managed by CWA totaled \$149,000,000 as of 12/31/2010. All assets are managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

This section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements.

### **Advisory Services and Fees**

#### ***Financial Planning and Consulting***

CWA provides Clients with a range of financial planning and/or consulting services (including investment and non-investment related matters). CWA will generally charge a fixed fee for these services. CWA's financial planning and consulting fees are negotiable, but generally begin at a minimum of \$3,500, depending on the level and scope of the service required, and the professional(s) rendering the service(s). Prior to engaging us to provide financial planning and/or consulting services, you will be required to enter into a Financial Planning Agreement with us setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that is due from you prior to our commencing services (not more than six months prior to delivery of the services or above \$1200).

In limited circumstances, we may provide hourly financial planning and/or consulting services. The hourly charge for these services generally will not exceed \$250 per hour depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

The fee may be reduced or waived by CWA if, in the course of implementing a plan, you purchase investment or insurance products for a commission or engages us to provide ongoing advisory service(s) for a fee. Reducing or waiving the fee is at our sole discretion. In limited circumstances the cost/time could potentially exceed the initial estimate. In such cases, we will immediately notify you, and request you to pay an additional fee. You retain the right to terminate the engagement, without further obligation, and review any work that has been completed.

#### ***Investment Management Services***

CWA provides investment management services where the investment advice provided is intended to meet the needs and investment objectives of each specific Client. Portfolios may consist of equity securities, mutual fund shares, corporate debt securities, municipal securities, and/or US Government securities, among others, if CWA determines such investments to be in the best interest of the Client. Prior to engaging CWA to provide investment management services, you will be required to enter into an

Investment Advisory Agreement (“Agreement”) with CWA setting forth the terms and conditions of the engagement, the frequency of reporting and the fee for the service.

The annual fees for investment management services are billed quarterly based upon the market value of the account at the end of the quarter if billed in arrears or based upon the market value of the account at the end of the prior quarter if billed in advance, according to the following tier schedule:

<u>Assets Under Management</u>	<u>Annualized Fee</u>
First \$1,000,000	1.00%
Over \$1,000,000 but less than \$5,000,000	.60%
Over \$5,000,000	Negotiable

The fee may be reduced or waived by CWA if you purchase investment or insurance products for a commission. Reducing or waiving the fee is at our sole discretion. Also, the fee is negotiable at our discretion. The actual fee charged to each client is negotiable based on factors such as the client's financial situation and circumstances, the amount of assets under management, whether or not the client is a non-profit entity, and the complexity of the services provided. In all cases the qualified custodian will directly debit the fee from the client's account. Invoices may be sent by the custodian or CWA. CWA may share the advisory fee with service providers as disclosed in the Agreement.

Advice offered by CWA may involve mutual funds. Clients are advised that all fees paid to CWA for investment advisory services are separate and distinct from fees and expenses charged by mutual funds (as described in each fund's prospectus) to shareholders. There may also be transaction charges involved with purchasing or selling fund shares. CWA does not share in any portion of the brokerage fees/transaction charges/service fees imposed by custodian(s) holding client funds or securities. You should review all fees charged by mutual funds, CWA, and others to fully understand the total amount of fees to be paid by you.

Depending on the custodian, the fee for investment management services may be payable in advance or in arrears, which will be disclosed in the Agreement. When paying fees in advance, pro-rated adjustments may be made to the subsequent quarterly fee for assets added to or withdrawn from the account during the prior quarter. Additionally, fees are pro-rated according to the number of days that investment management services are provided when an account is opened or terminated other than at the end of a quarter. Pro-rating may result in a refund of fees to any clients who have paid investment management fees in advance.

### ***Independent Money Managers***

CWA may refer clients to unaffiliated independent investment advisors (“IA”) to manage a portion of the client's assets. CWA will receive compensation in exchange for introducing clients to the IA and/or for providing ongoing consultations with the client, based on the goals, risk tolerance, time horizon and/or financial situation in connection with the services of the IA. This compensation is usually a fixed percentage of the fee charged by the IA.

The IA's fees are established and payable in accordance with the ADV Part 2 Disclosure Brochure or other equivalent disclosure document provided by the IA. Clients will not be charged more than a 3.0% annualized fee of assets under management, which includes the fees paid to the IA, to CWA, and to investment managers. The IA (not CWA) will assume discretionary trading authority over the managed account. Clients are required to sign a management agreement with the IA and are bound by its terms.

**General Information regarding Advisory Services**

In performing services, CWA will not verify any information received from you (the client), or from your other professionals, and we are expressly authorized to rely on the information received. If requested by you, CWA may recommend the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional(s). You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from us. You are advised that it is your responsibility to notify us promptly if there is ever a change in your financial situation or investment objectives.

Agreements (except for financial planning/consulting agreements) automatically renew annually. You retain the right to terminate your engagement of CWA at any time, in writing, without prior notice, for any reason. In such cases, fees paid in advance will be refunded to the Client, and fees owed for past service may be due or debited from the account. CWA retains the right to terminate any engagement at any time for any reason, with 30 days written notice.

Neither CWA nor you may assign any agreement without the prior written consent of the other party. A copy of our written disclosure statement as set forth on ADV Part 2 will be provided to each client prior to or at the time of executing an agreement. Any client who has not received a copy of CWA's written disclosure statement at least 48 hours prior to executing the agreement has 5 business days subsequent to executing the agreement to terminate our services without penalty.

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

Item 6 is not applicable to CWA. CWA does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

**Item 7 – Types of Clients**

We generally provide investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement with CWA and/or any recommended third-party money managers or sponsors of third-party money manager platforms.

**Minimum Investment Amounts Required**

Certain broker-dealers, custodians, or service providers may have account minimums. Specifically, the CMAP accounts through Cambridge require an account minimum of \$50,000. Additionally, accounts through SEI, Genworth/Assetmark, and various independent money managers require a minimum account size of \$50,000. There are some money managers allowing smaller minimums. CWA typically

requests a minimum of \$50,000 to open and maintain an advisory account. This CWA minimum may be waived at our discretion.

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

### **Methods of Analysis**

CWA uses the following methods of analysis in formulating investment advice:

***Fundamental*** – A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

***Technical*** – A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### **Investment Strategies**

CWA uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

### **Use of Primary Method of Analysis or Strategy**

CWA's primary method of analysis or strategy is fundamental. Some of the risks involved with using this method include: economic risk from world events, taxation, timing of data available and governmental changes.

### **Primarily Recommend One Type of Security**

CWA primarily recommends only one type of security: mutual funds. Some of the risks involved with only recommending this type of security include: end of day trading, internal expenses and tax efficiency.



## **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual

fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

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

CWA is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management. CWA has no information applicable to this Item.

### **Item 10 – Other Financial Industry Activities and Affiliations**

CWA is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) pension consultant, (9) real estate broker or dealer, or (10) sponsor or syndicator of limited partnerships.

#### **Other Business Activities**

You are free to implement recommendations through any broker-dealer/custodian of your choosing. If you implement recommendations of CWA by purchasing securities or other products through Cambridge, your representative may receive additional compensation in the form of commissions earned. Such commissions earned by the representative may be shared with Cambridge and the OSJ for the OSJ's supervisory responsibilities over the registered representative. CWA may receive (without cost or at a discount) from a particular broker-dealer, custodian, or service provider, support services or products which assist CWA in monitoring or servicing client accounts maintained with them. Included within the services may be a financial contribution to CWA's client events. It may also include due diligence trips to better understand the services or products available for clients.

All Investment Advisor Representatives (“IAR”) of CWA are currently licensed to sell securities through Cambridge Investment Research, Inc. (“Cambridge” or “CIR”), a securities broker/dealer registered with the Securities and Exchange Commission and member of FINRA and SIPC. In this capacity IARs are involved in the sale of securities of various types, including, but not limited to, stocks, bonds, and mutual funds. Additionally, Paul Reasoner, Gregory Schoenfeld, Deborah DeHoff and Jeremy Outlaw are licensed insurance agents involved in the sale of various types of insurance products. All IARs spend a majority of their time providing or administering advisory services. Advisory fees may be reduced or waived at the discretion of CWA for commissions received from a client in the course of implementation.

### **Third-Party Money Managers**

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, CWA has formed relationships with independent, third-party money managers.

CWA may recommend clients work directly with third-party money managers. When we refer clients to a third party money manager, you need to know that our firm will receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest in that we will only recommend third party money managers that will agree to compensate our firm by paying us a portion of the fees billed to your account managed by the third party money manager.

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

### **Code of Ethics Summary**

CWA has implemented the below policy concerning personal securities transactions. The policy is part of CWA's overall Code of Ethics which serves to establish a standard of business conduct for all of CWA's supervised persons that is based on fundamental principles of openness, integrity, honesty, and trust, a copy of which is available upon request.

CWA had established the following expectations for supervised persons:

- Not to take advantage of material non-public information in a way that is profitable to them.
- Not to abuse their position by making recommendations to Clients in an attempt to personally profit from that recommendation.
- Not to favor any Client over another.

To ensure the compliance of supervised persons, the following procedures have been adopted:

- Report all personal transactions quarterly to the CCO within 30 days of quarter end.
- Submit a holding report every 12 months to the CCO dated 45 days of submission.
- Obtain approval from the CCO prior to any security transaction, which includes initial public offering and limited or private offering.

Exceptions to the reporting requirements exist for low-risk situations. For example pre-approval is not required for trades of open-end mutual fund shares.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

CWA or its associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of CWA that all persons associated in any manner with the firm must place the interests of our clients ahead of their own when implementing personal investments. CWA and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by CWA are widely held and publicly traded.

## **Item 12 – Brokerage Practices**

You are under no obligation to act on the financial planning recommendations of CWA. If CWA assists in the implementation of any recommendations, we are responsible to ensure that you receive the best execution possible.

You are free to use any broker dealer of your choice in implementing the advice given. If requested, CWA will recommend a broker-dealer for that purpose. However, IARs (who are registered representatives of Cambridge) are subject to FINRA Conduct Rule 3040 that may restrict such registered individuals from conducting security transactions away from Cambridge unless Cambridge provides the representative with written authorization to do so.

CWA will arrange for the execution of securities brokerage transactions for the account through broker-dealers that CWA reasonably believes will provide “best execution.” In seeking “best execution”, CWA considers various qualitative as well as quantitative factors. This includes administrative convenience, administrative quality, reporting, product availability, order execution, custodial fees, and cost of transition (from other broker-dealers). On request, CWA will provide a copy of the most recent “Best Execution Review” detailing specifics of the listed criteria, recommended custodians, and analysis of service.

If you wish to have CWA’s associated persons implement advice in their capacity as registered representatives or through the CMAP program, then the associated persons’ broker/dealer, Cambridge, will be used. Associated persons of CWA are registered representatives of Cambridge and are required to use the services of Cambridge and Cambridge’s approved clearing broker-dealers when acting in their capacity as registered representatives. Such firms include Pershing, Fidelity, SEI Private Trust, Genworth, Charles Schwab, and TD Waterhouse.

Cambridge serves as the introducing broker-dealer. All accounts established through Cambridge will be cleared and held at NFS or Pershing. Cambridge has a wide range of approved securities products for which Cambridge performs due diligence prior to selection. Cambridge’s registered representatives are required to adhere to these products when implementing securities transactions through Cambridge. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. Because the associated persons of CWA may also be registered representatives of Cambridge, Cambridge provides compliance support to CWA’s associated persons. In addition to compliance support, Cambridge also provides the associated persons of CWA, and therefore CWA, with back-office operational, technology, and other administrative support.

### **Block Trading Policy**

Transactions implemented by CWA for client accounts are generally effected independently, unless CWA decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by CWA when CWA believes such action may prove advantageous to clients. When CWA aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will

be allocated among CWA's clients in proportion to the purchase and sale orders placed for each client account on any given day. When CWA determines to aggregate client orders for the purchase or sale of securities including securities in which the associated persons of CWA may invest, CWA will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted that CWA does not receive any additional compensation or remuneration as a result of aggregation.

### **Additional Compensation**

CWA may receive (without cost or at a discount) from particular broker-dealer, clearing firm or service providers support services and/or product which assist CWA in monitoring and servicing Client accounts maintained at, or under the supervision of, the specific provider. CWA will neither rely upon nor receive research products and /or services from designated broker-dealers in return for effecting transactions for Client's account; and, therefore, CWA will not utilize such products and/or services as a determinative factor in seeking "best execution". If Clients directs CWA to use a particular broker-dealer (subject to CWA's right to decline and/or terminate the engagement) to execute some or all transactions for the Client's account, CWA will not seek better execution services from other broker-dealers. Client will negotiate terms and arrangements for the account with that broker-dealer, and acknowledges that such direction may cause the account to incur higher commissions or transaction costs than the account would otherwise incur had the Client determined to effect account transactions through alternative clearing arrangements that may be available through CWA.

### **Handling Trade Errors.**

CWA has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of CWA to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by CWA if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. CWA may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

CWA will never benefit or profit from trade errors.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Frequency and complexity of client reviews vary according to the client's needs. Clients with relatively stable goals, or more static portfolios, may result in less frequent reviews. Clients with very dynamic lives, and dynamic portfolios, therefore may desire/need more frequent reviews. Reviews are handled by Principals and/or associated persons of CWA. Each Principal is responsible for determining a reasonable number of accounts to review, and CWA maintains a ratio of clients per Investment Advisor Representative below industry average. Clients are responsible to report/review all life changes.

## **Statements and Reports**

Clients receive monthly and/or quarterly statements directly from custodian(s). Additionally, reports can be provided from CWA on an “as needed” basis, if requested. Reports may or may not include description of the client’s holdings, total assets and values, management fees, the method of calculation, and progress toward goals. Client should compare any reports received from CWA against the account statements issued directly from the account custodian and client should immediately report any discrepancies to CWA and/or the account custodian.

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

CWA's associated persons, in their separate capacities as securities agents of Cambridge, may receive commissions from the execution of securities transactions. In addition, associated persons may receive 12b-1 fees from certain mutual fund companies as outlined in the fund’s prospectus. In advisory accounts through Cambridge, there is an offset for all 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such fees could represent an incentive for the associated persons to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest.

CWA does not directly or indirectly compensate any person for client referrals.

The only form of other compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 5 of this brochure. CWA receives no other forms of compensation in connection with providing investment advice.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

CWA is deemed to have custody of client funds and securities whenever CWA is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody CWA will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which CWA is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client’s name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian’s name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client’s independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from CWA. When clients have questions about their account statements, they should contact CWA or the qualified custodian preparing the statement.

## Item 16 – Investment Discretion

Through its asset management services and upon receiving written authorization from a client, CWA will maintain trading authorization over client accounts. Upon receiving written authorization from the client, CWA may implement trades on a **discretionary** basis. When discretionary authority is granted, CWA will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of CWA to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, CWA will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

## Item 17 – Voting Client Securities

CWA will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

## Item 18 – Financial Information

This item is not applicable to this brochure. CWA does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, CWA has not

been the subject of a bankruptcy petition at any time (*Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information*).

## **Item 19 – Privacy Notice**

### **PRIVACY POLICY**

1. We limit how, and with whom, we share information based on your choice. We only share your personal and financial information with others (CPA's attorneys, custodians, broker-dealers, etc):
  - a. At your request
  - b. To process or service a transaction or product authorized or requested by you, or
  - c. When required by law to disclose such information.
2. We collect only the information necessary to deliver the services you request. Personal and financial information about you that is necessary to serve your financial needs, to protect against fraud, and to fulfill legal and regulatory requirements. We collect the following:
  - a. Information we receive from you on applications and other forms, and any other information you subsequently provide to us orally, in writing, or through the internet,
  - b. Information about your transactions and communications with us, and
  - c. Information from public records accessed in the ordinary course of business.
3. We establish safeguards to ensure the security and confidentiality of your information. CWA restricts access to your personal and financial information to employees who need it to do their jobs. Employees are required to strictly maintain the confidentiality of all client information. CWA has established policies to maintain physical, electronic, and procedural safeguards to maintain the confidentiality of the personal information of our clients.
- 4 We maintain your privacy even after you cease to be our client. If you decide to close your account, CWA will continue to follow this Privacy Policy with respect to the information we have in our possession about you and your account(s).

## **Item 20 – Business Continuity Plan**

### **BUSINESS CONTINUITY**

**CONFINED FACILITY COMPROMISE**-If the main business location of CWA (100 S. Main St. Elkhart, IN 46516) becomes unusable for some localized reason (i.e. fire, small tornado, long-term power outage, etc.), our organization will proceed with business at 1862 Cobblestone Blvd. Elkhart, IN 46514 (home of Linda Boss). If that is also damaged, business would be conducted at 16279 Lakeview Dr. Vandalia, MI 49095 (Home of Greg Schoenfeld)

**REGIONAL DISASTER**-If a disaster is more regional in nature, not allowing for the primary alternate sites to function, we will attempt to proceed with business at one of the following two locations:

Retirement Income Solutions, Inc.  
455 E. Eisenhower Pkwy, Ste. 200  
Ann Arbor, MI 48108  
(800) 886-7026 or (734) 662-7867

Carnick & Associates  
675 Southpointe Court, Suite 102  
Colorado Springs, CO 80901-1007  
(719) 579-8000

If a different site from those mentioned is selected, any of the sites that are functional will have contact information for the selected site in use.



We backup data nightly off site. A business succession plan is in place. A complete version of the Business Continuity Plan is available upon request.