

Firm Brochure
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Gibson Financial Solutions, LLC. If you have any questions about the contents of this brochure, please contact us at: (207) 667-9993, or by email at: annegibson@gibsongfs.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 Gibson Financial Solutions, LLC is available on the SEC's website at www.adviserinfo.sec.gov

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Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (207) 667-9993 or by email at: annegibson@gibsongfs.com.

Table of Contents

Material Changes.....	i
Annual Update	i
Material Changes since the Last Update	i
Full Brochure Available	i
Advisory Business	1
Firm Description.....	1
Principal Owner.....	1
Types of Advisory Services.....	1
Tailored Relationships	1
Types of Agreements.....	2
Financial Planning Agreement	2
Investment Advisory Agreement	3
Tax Preparation Agreement.....	5
Hourly Consulting Engagements.....	5
Asset Management	5
Termination of Agreement	5
Fees and Compensation	6
Description	6
Fee Billing	6
Other Fees.....	6
Expense Ratios.....	7
Past Due Accounts and Termination of Agreement	7
Performance-Based Fees	7
Sharing of Capital Gains	7
Types of Clients.....	7
Description	7
Account Minimums.....	7
Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Methods of Analysis	8
Investment Strategies	8
Risk of Loss	9

Disciplinary Information	10
Legal and Disciplinary.....	10
Other Financial Industry Activities and Affiliations	10
Financial Industry	10
Affiliations	10
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Code of Ethics	11
Participation or Interest in Client Transactions.....	11
Personal Trading.....	12
Brokerage Practices.....	12
Selecting Brokerage Firms.....	12
Best Execution	12
Soft Dollars	13
Order Aggregation	15
Review of Accounts	16
Periodic Reviews	16
Review Triggers.....	16
Regular Reports.....	16
Client Referrals and Other Compensation	16
Incoming Referrals.....	16
Referrals Out	16
Other Compensation.....	16
Custody.....	17
Account Statements.....	17
Performance Reports.....	17
Investment Discretion.....	17
Discretionary Authority for Trading.....	17
Limited Power of Attorney.....	17
Voting Client Securities	17
Proxy Votes	17

Financial Information	18
Financial Condition	18
Business Continuity Plan	18
General	18
Disasters	18
Alternate Offices	18
Loss of Key Personnel	18
Information Security Program.....	19
Information Security	19
Privacy Notice	19
Brochure Supplement (Part 2B of Form ADV)	20
Education and Business Standards	20
Professional Certifications	20
ANNE C. GIBSON, MBA, CFP®.....	21
PAUL E.J. PANGBURN, CFP®	22

Advisory Business

Firm Description

Gibson Financial Solutions, LLC, ("GFS") a fee-only financial planning and investment advisory firm, was founded in 2001 by Anne C. Gibson, MBA, CFP®.

Principal Owner

Anne C. Gibson, MBA, CFP®

Types of Advisory Services

GFS provides personalized confidential Financial Planning and Investment Management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. We provide these services after in-depth consultations with clients. An initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine whether or not we can effectively be of service to you, as well as to allow you to evaluate us.

Financial Planning may include a determination of financial objectives, identification of financial problems, cash flow planning and management, tax planning, risk tolerance assessments, investment analysis, education funding and college planning, retirement planning, and estate planning. In addition to planning, we offer investment management and supervision services. We render these services through an educationally based approach in which we desire and expect your participation.

We do not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products and we are not affiliated with entities that sell financial products or securities. We do not accept commissions, finder's fees, or 12b-1 fees and do not participate in wrap fee programs.

As of 12/31/2010, we have \$53,912,057 million in assets under management with \$48,773,568 million under full discretion and \$5,138,489 million non-discretionary. We provide this service to approximately 100 families.

When we manage assets, TD Ameritrade serves as custodian of the assets and we place trades for you under a limited power of attorney.

Tailored Relationships

Each client relationship is unique to the needs of the client.

To introduce us to your risk personality, you complete risk tolerance questionnaires. The answers familiarize us with your risk tolerance and we then document your goals and objectives. If you do financial planning with

us, we incorporate the results from the financial planning work into the goals and objectives. When we manage assets, we create an Investment Policy Statement that lists your stated goals and objectives, describes your risk tolerance as demonstrated from the results of the risk tolerance questionnaires and incorporates cash flow needs learned from financial planning, if applicable. You may impose restrictions on investing in certain securities or types of securities.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by you on an as-needed basis. Conflicts of interest will be disclosed to you in the unlikely event they should occur.

Types of Agreements

The following agreements define the typical client relationships. Agreements may not be assigned without your consent.

Financial Planning Agreement

A financial plan is designed to help you with all aspects of financial planning. Financial Planning does not include ongoing investment management although clients may decide to engage us for ongoing investment management after we complete the planning process.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations. It is your responsibility to implement or not to implement any recommendations arising from the financial plan

Detailed investment advice and specific recommendations may be provided as part of a financial plan, if requested but ongoing oversight of assets is only done under an Investment Advisory Agreement. Under a Financial Planning engagement you must initiate contact with us each time an investment assessment or any other advice is needed.

The fee for financial planning is based on the number of hours involved in plan development and preparation and is charged at \$150 per hour. The number of hours involved depends upon the complexity of your situation and typically takes from 3-15 hours. In all financial planning engagements, we work in your presence, either in person or via the internet and telephone, during the information gathering and programming of the data. This usually takes approximately 3 hours. By the end of the 3 hour session, you will usually understand the pros and cons of current behaviors and plans and will have a list of tasks that you need to do to improve projections, if applicable.

We run reports that demonstrate the preliminary findings. At the end of the 3 hour session you will then elect one of two planning options.

The first option is called Quick Planning, an option in which the input meeting has rendered enough information for you to move forward independently. No further analysis after the meeting is done.

The second option is Comprehensive Planning. After the 3 hour meeting, we produce reports, may develop more scenarios as we further analyze your situation, and we prepare a written report for you for future reference. The report explains courses of action needed to accomplish goals or improve projections.

After delivery of a financial plan, you may schedule future face-to-face or phone meetings at the hourly rate of \$150. If you hire us to serve as Investment Adviser, we both will sign an Investment Advisory Agreement and Investment Advisory fees subsequently apply.

Investment Advisory Agreement

Many Financial Planning clients choose to have GFS manage their assets in order to obtain ongoing in-depth advice and management of assets. It is not necessary to undergo the Financial Planning process prior to becoming an Investment Advisory client but the knowledge gained from the Financial Planning process is useful to the Investment Advisory relationship.

An Investment Advisory Agreement is signed. If Financial Planning has been done and you sign on for asset management, financial planning services continue and are covered under the Investment Advisory fee. If Financial Planning has not been done, then the service under the Investment Advisory Agreement focuses on asset management. We develop an Investment Policy Statement (IPS) which serves as the road map we will follow in the management of assets. Over time, we update the IPS to reflect changes in your goals and objectives. Consequently, we need you to communicate frequently with us so that we are up to date in this regard at all times.

The scope of work and fee for an Investment Advisory Agreement is provided to you, in writing, prior to the start of the relationship.

The annual Investment Advisory Agreement fee is generally based on a percentage of the investable assets according to the following schedule:

****1.00% on the first \$500,000;**

****0.50% on the next \$1,500,000 (from \$500,001 to \$2,000,000); and**

****0.25% on the assets above \$2,000,000.**

The minimum annual fee is generally \$500. Current client relationships may exist where the fees are lower than the fee schedule noted above or may be based on a retainer rather than assets under management, especially if asset management is not the most significant part of the relationship.

Although the Investment Advisory Agreement is an ongoing agreement and constant adjustments are required, the length of service to you is at your discretion. Either of us may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro-rata basis for the portion of the month or quarter completed. The portfolio value at the completion of the prior full billing month or quarter is used as the basis for the fee computation, adjusted for the number of days during the billing month or quarter prior to termination.

For our clients who wish to have their accounts managed with a focus on individual equity securities, we have established an alliance with Deighan & Associates, Inc., (DAI) an investment advisory firm located in Bangor. This Alliance enables our clients to have the expertise of a firm that specializes in individual security management while at the same time continue to work with us as the primary contact and account administrator.

Under the GFS/DAI Alliance, we will first meet with you and, after a thorough consultation, will determine your investment objectives, time horizon, cash flow needs, risk tolerance, reward expectations, and investment constraints. DAI will serve as portfolio manager and provider of reporting services. With the information and guidance provided by us, DAI, Inc. will prepare your Investment Policy Statement that will include the foregoing information plus a target asset mix, a method of measuring investment results and frequency of investment review. DAI, will perform full portfolio management services in accordance with the IPS, and will consult directly with the client whenever requested. We will serve as the primary administrative contact for you.

Management fees will be charged pursuant to DAI's published fee structure. However, the management fee will be prorated between DAI and GFS for our respective services rendered. DAI will specify the charges for separate GFS and DAI services in a monthly notice sent directly to you. You may pay us directly or instruct the custodian to pay us from the account. You will approve all fee arrangements in writing.

Clients retaining the GFS/DAI Alliance must sign documents relating to services provided by both parties. It is important that clients understand that GFS and DAI will share client information between the entities in order to provide the quality of service and performance that you deserve and expect. However, both firms are dedicated to client confidentiality, and both firms maintain written privacy policy and SEC and/or State required disclosure statements that are offered annually to clients and are available for client review at any time.

Clients retaining the GFS/DAI Alliance must also sign securities custody documents. DAI recommends Charles Schwab Institutional as securities custodian. Charles Schwab Institutional provides DAI with timely and accurate information through a computer downloading process that allows the firm to spend less time on operational issues and focus instead on the issues that are most important to clients. DAI also uses Charles Schwab for trading client

securities. Clients will have access to DAI's detailed discussion of best execution in securities trading in their Disclosure Statement. However, Charles Schwab does not limit DAI to placing transactions through Charles Schwab. Thus, the firm is able to place consolidated transactions at other brokerage firms for all client accounts meeting a minimum market value criteria of \$125,000. DAI generally uses this trading arrangement to purchase or sell securities that are thinly traded and difficult to obtain such as municipal bonds.

Tax Preparation Agreement

We do not provide tax preparation services.

Hourly Consulting Engagements

We provide hourly consulting services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$150.

Asset Management

Asset Management engagements are covered under Investment Advisory Agreements. We invest assets primarily in no-load mutual funds, Exchange Traded Funds (ETFs), Certificates of Deposit, US Government securities and money market funds. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages such as TD Ameritrade may charge a transaction fee for the purchase of some funds.

We may purchase or sell stocks and bonds through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. We do not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), corporate debt securities, commercial paper, municipal securities, and investment company securities (variable life insurance, variable annuities, and mutual funds shares).

Initial public offerings (IPOs) are not available through GFS.

Termination of Agreement

You may terminate any of the aforementioned agreements at any time by notifying us in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If you made an advance payment, we will refund any unearned portion of the advance payment.

We may terminate any of the aforementioned agreements at any time by notifying you in writing. If you made an advance payment, we will refund any unearned portion of the advance payment.

Fees and Compensation

Description

As previously described under the service description sections, we generally base our fees on a percentage of assets under management, hourly charges, or fixed retainer fees.

Retainer fees are generally priced based on the complexity of work and assets under management and are generally offered when asset management is not the most significant part of the relationship.

We prepare financial plans using an hourly fee of \$150. Clients may select the Quick Plan approach or the Comprehensive Approach, thereby reducing time and money spent.

Fees are negotiable. Some determining factors in negotiating fees include totality of services to be provided, complexity of your situation, and estimate of time to provide services.

We are constantly aware of the conflict of interest of the Assets Under Management fee structure. Circumstances may arise in which you may request advice concerning, for example, paying off a mortgage, making charitable contributions, or gifting assets which would result in a reduction in assets under management. In the event such a circumstance arises, we will disclose the conflict of interest, discuss the pros and cons of taking action, and will recommend that you obtain additional counsel from your accountant, attorney or other professional.

Fee Billing

Investment management fees are billed monthly or quarterly, in arrears, meaning that we invoice you after the monthly or quarterly billing period has ended. Payment in full is expected upon invoice presentation. We generally deduct fees from a designated account to facilitate billing. You must consent in advance to direct debiting of an account or you may elect to pay fees directly.

We bill for financial plans and other hourly work upon completion of the planning/hourly engagement at \$150 per hour.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

GFS in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated

future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to GFS.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

We reserve the right to stop work on any account that is more than 30 days overdue. In addition, we reserve the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in our judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

We do not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

We generally provide investment advice to individuals, trusts, estates, charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

Account Minimums

Clients receiving ongoing asset management services will be assessed a \$500 minimum annual fee. Consequently, clients with assets below \$50,000 may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management. Depending upon

circumstances, GFS may sign an *Hourly Consulting Agreement* with the client if asset values are below \$50,000 or have diminished significantly below \$50,000.

We have discretion to waive the account minimum. Accounts of less than \$50,000 may be set up when we anticipate the client will add additional funds to the accounts bringing the total to \$50,000 within a reasonable time. Other exceptions will apply to employees of GFS and their relatives, or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that we may use include but is not limited to Morningstar Mutual Fund Investor, Morningstar ETF Investor, Valueline, the Independent Adviser, Kiplinger Personal Adviser, and Kiplinger Tax letter and the World Wide Web.

Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. For equity exposure, we generally use passively-managed index and exchange-traded funds and selected actively managed funds as the core investments, and then add other funds where we believe there are greater opportunities to make a difference. We diversify portfolios globally to control the risk associated with traditional markets. For fixed income we prefer individual fixed income securities of investment grade quality but may also use bond mutual funds or ETFs.

We select no-load mutual funds and exchange traded funds based on Morningstar's database and research. We generally select mutual funds and ETFs that have low or average expense ratios, low turnover, longer management tenure, and which compare well to other funds in category over long periods of time. We review funds periodically to determine if they continue to meet our criteria and your objectives. At least quarterly, we review your total portfolio, which may include outside non-managed assets, using Morningstar Workstation which enables us to assess how all assets in your portfolio are invested and how they complement other assets. The analysis includes a review of overall asset allocation, percentage in stocks, bonds, and

cash, international and emerging markets exposure, dispersion of company sizes (large caps, mid caps, small caps), international dispersion, and quality and duration of fixed income. This is then compared to our investment policy and philosophy. If the portfolio is out of line with our policies and philosophies then we adjust the assets we manage to bring it in line with our program.

Your investment strategy is based upon the objectives stated by you during consultations. As your circumstances change, you may change these objectives at any time. You execute an Investment Policy Statement that documents your objectives and your desired investment strategy and we update this for you as you communicate changes to us.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry

Anne Gibson has served on the North American Securities Administrators Association exam writing and review committee since 2001. She has also served on the Certified Financial Planning Board exam writing committee. No conflict of interest exists due to participation on these committees.

Affiliations

GFS is not affiliated with any other financial entity.

As described in the Investment Advisory section, for clients who wish to have their accounts managed with a focus on individual equity securities, GFS has established an alliance with Deighan Associates, Inc., (DAI), an investment advisory firm located in Bangor. This Alliance enables clients to have the expertise of a firm that specializes in individual security management while at the same time continue to work with GFS as the primary contact and account administrator. Both GFS and DAI are independent Registered Investment Advisers.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

GFS has adopted a summary Code of Ethics, to which all Investment Adviser Representatives (IARs) and employees are bound to adhere. Our summary Code of Ethics states that GFS and its IARs and employees shall always:

Act in the best interests of each and every client;

Act with integrity and dignity when dealing with clients, prospects, team members, and others;

Strive to maintain and continually enhance our high degree of professional education regarding Modern Portfolio Theory, strategic asset allocation, and financial, tax, estate, and risk management planning; and

Seek at all times to maintain our complete objectivity with respect to our advisory services and each recommendation made to our clients.

We seek to avoid material conflicts of interest. Accordingly, neither GFS nor its IARs, nor any employees receive any third party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from brokerage firms (custodians), mutual fund companies, insurance companies, or other providers of products. We do not sell any products. We act as a *trusted adviser* to our clients, and hence we work to maintain our independence and our ability to offer objective advice at all times.

The employees of GFS have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

GFS does not currently participate in securities in which it has any material financial interest. GFS and its related persons, as a matter of policy, do not recommend to clients, or buy or sell for client accounts, securities in which the firm or its related persons has a material financial interest.

Our Code of Ethics provides that individuals associated with our firm may buy or sell securities for their personal accounts identical or different than those recommended to clients. Indeed, it is highly likely that one or more of our firm's employees invest in the same mutual funds recommended to our clients.

Personal Trading

It is the expressed policy of GFS that no person employed by the firm shall prefer his or her own interest to that of an advisory client nor make personal investment decisions based on investment decisions of advisory clients. Nor may individuals associated with GFS undertake transactions in individual stocks, individual bonds, or certain other types of securities at the same time a client is trading in such security.

To supervise compliance with this aspect of GFS' Code of Ethics, we require that anyone associated with GFS and who possesses access to advisory recommendations (before or at the time they are entered into) to provide annual securities holding reports and quarterly transaction reports to the Compliance Officer. We require such persons to receive advance approval from the Compliance Officer prior to trading in certain securities, and at all times prior to investing in any initial public offerings or private placements.

The Chief Compliance Officer of GFS is Anne C. Gibson.

The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

We do not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. We recommend custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

We recommend discount brokerage firms and trust companies (qualified custodians), such as TD Ameritrade retail, Charles Schwab retail, Fidelity brokerage, Vanguard brokerage, USAA brokerage, or TIAA brokerage. When we manage assets, TD Ameritrade institutional serves as custodian for client accounts and we place all trades in managed accounts through TD Ameritrade. We also utilize the services of YieldQuest to assist us with the management of individual fixed income securities for some of our managed accounts.

We do not receive fees or commissions from any of these arrangements.

Best Execution

We review the execution of trades at TD Ameritrade each month. The review is documented in the GFS *Compliance File*. Trading fees charged by TD Ameritrade are also reviewed on a monthly basis. We do not receive any portion of the trading fees.

Soft Dollars

We seek to minimize conflicts of interest. Although we believe that our business methodologies, code of ethics, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to manage appropriately any material conflicts of interest that may remain, you should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest.

However, some additional services and non-direct monetary or other forms of compensation are offered and provided to us as a result of our relationships with TD Ameritrade and/or providers of mutual fund products. The provision of these services, in which our investment advisers and employees occasionally attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies, is typical of relationships between independent investment advisory firms and the custodians or investment providers. We believe that the services and benefits actually provided to us by brokerage firms and mutual fund providers do not materially affect the investment management recommendations we make. However, in the interest of full disclosure of any potential conflicts of interest, we discuss the possible conflicts of interest herein.

We recommend that our clients utilize "custodians" -i.e., discount brokerage firms and other providers of custody services. Such custodians provide a variety of services to our clients, including monthly or quarterly statements, safekeeping of clients' assets, cost basis reporting, the issuance of certain tax forms, and other services.

Several of these custodians also provide (or offer to provide) additional services to us, which practices may create the potential for conflicts of interest. In the paragraphs which follow we detail our practices to avoid, minimize, and/or manage such conflicts, in order to ensure that our clients' best interests remain paramount at all times.

To maintain our independence and objective advice, we have chosen to not participate in the referral programs of various discount brokerage firms (whereby clients of brokerage firms could be referred to our firm). We will continue to avoid certain relationships with custodians (brokerage firms, etc.) and investment product providers which we believe might materially hamper our independence in providing advice to our clients or result in clients paying higher mutual fund management, administrative, or other product-related fees and costs. For this and other reasons, we do not participate in the client referral programs which may be sponsored by such custodians.

We do not currently recommend to our clients any mutual funds or ETFs manufactured by affiliates of the custodians in which most of our clients' investment portfolios are housed. However, we may in the future recommend such funds if, after process of due diligence, we conclude that such mutual funds are the best funds in that particular asset class or would otherwise best meet a clients objectives.

While we do not possess an institutional relationship with Vanguard or Fidelity or any other institution other than TD Ameritrade, we may occasionally recommend certain of our clients accounts be housed at Vanguard, Fidelity or others. Furthermore, we may on occasion recommend certain funds or other products of Vanguard, Fidelity, and others to our clients. We receive no material benefits from any of these other companies.

We utilize the services of TD Ameritrade for our managed accounts. TD Ameritrade provides our team members with access to institutional trading and custody services, which services are typically not available to retail investors. These services generally are available to independent investment advisers on an unsolicited basis and at no charge to them. However, not all independent investment advisers recommend their clients to utilize particular custodians.

We participate in the "institutional program" of TD Ameritrade. There is no direct linkage between the investment advice given and participation in their program. Certain economic benefits are received which would not be received if we did not give investment advice to clients. The benefits provided by TD Ameritrade include assistance with practice management and assistance with the management of client accounts, including but not limited to:

- a) receipt of duplicate client confirmations;
- b) receipt of electronic duplicate statements;
- c) access to a trading desk serving investment adviser firm participants exclusively, and providing research, pricing information, and other market data;
- d) access to the investment adviser portion of their web sites which includes practice management articles, compliance updates, and other financial planning related information;
- e) access to certain research materials with respect to securities, including, for example, rating reports in individual companies from Standard and Poor's or other sources;
- f) access to other vendors (such as insurance or compliance providers, or providers of research or other materials) on a discounted fee basis, where services to our firm are provided at discounted fees under an arrangement with custodians;
- g) permitting GFS to access an electronic communication network for client order entry and to access clients' account information and which may otherwise assist GFS with its back-office functions, including recordkeeping and client reporting;
- h) conferences at which advisers and employees of our firm may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning,

business succession, regulatory compliance, and information technology; and

l) visits by, or access to, custodial personnel, or free software provided by TD Ameritrade, which may aid GFS with respect to our practice management and business development activities.

Participation in TD Ameritrade's institutional program also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

The benefits received through participation in TD Ameritrade's institutional program may at times depend upon the amount of transactions directed to, or amount of assets placed in custody with TD Ameritrade.

Generally, many of the services provided to GFS by TD Ameritrade may be utilized to service all or a substantial number of clients' accounts.

Educational, research, or other services provided by these or other custodians, or by mutual fund companies, may benefit all of GFS' clients, or may benefit only some clients.

While as a fiduciary, we endeavor to act in our clients' best interests, our requirement that clients maintain much of their assets in accounts at TD Ameritrade may be based in part on the benefit to our firm of the availability of some of the foregoing products and services at no cost to us, and not solely on the nature, cost, or quality of custody and brokerage services provided by the broker, and this may create a potential conflict of interest. GFS' clients may, therefore, pay higher transaction fees, commissions (for individual stock and ETF trades), and principal mark-ups and mark-downs (relating to purchases and sales on a principal, as opposed to agency, basis) than those charged by other discount brokers. We have selected TD Ameritrade for their generally low fees relative to those fees of similar large custodians.

Also, we prefer to recommend custodians whom possess significant size and strong financial resources, for purposes of enhanced safety of our clients' funds. For all of these reasons, the lowest cost custodian for clients may not be recommended to clients by GFS.

Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

Review of Accounts

Periodic Reviews

Account reviews are performed quarterly at a minimum by advisers Anne C. Gibson, MBA, CFP® and Paul E.J. Pangburn, CFP®. Account reviews may be performed more frequently when market conditions dictate.

Review Triggers

Changes in the tax laws, new investment information, additions and withdrawals of funds, and changes in a client's own situation may trigger a review.

Regular Reports

The Investment Committee reviews accounts. The client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client are considerations in the review process.

Clients whose assets are managed receive monthly Portfolio Statements from GFS and, at a minimum, quarterly statements from TD Ameritrade.

GFS' statements show market value of assets held. On an annual basis, non-retirement accounts receive tax information which includes reports of capital gains and losses, income earned and management fees paid from an account. These documents provide detail which support TD Ameritrade's tax reports. Clients whose assets are managed receive a bi-monthly newsletter.

Client Referrals and Other Compensation

Incoming Referrals

We have been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

We do not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

Our only compensation comes directly from clients, minimizing conflicts of interest.

Custody

Account Statements

All assets are held at qualified custodians who provide account statements directly to you at your address of record at least quarterly. When we manage client accounts, TD Ameritrade is the custodian.

Performance Reports

We suggest that you compare the account statements received directly from TD Ameritrade to the report statements we provide. Statements balances should match and if any discrepancies exist, you should contact either GFS or TD Ameritrade to determine the cause of the discrepancy.

Clients may request performance reports.

Investment Discretion

Discretionary Authority for Trading

We accept discretionary authority to manage securities accounts on your behalf. We have the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, we consult with you prior to each trade to obtain concurrence if you have not given blanket trading authorization.

You approve TD Ameritrade as custodian in your Investment Advisory Agreement and in doing so, you approve the commission rates paid to the custodian. GFS does not receive any portion of the transaction fees or commissions paid by you to the custodian on trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. Clients whose assets we manage sign a limited power of attorney so that we may execute the trades.

Voting Client Securities

Proxy Votes

We do not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, we will provide recommendations to you. If a conflict of interest exists, it will be disclosed to you.

Financial Information

Financial Condition

We do not have any financial impairment that will preclude us from meeting contractual commitments to you.

A balance sheet is not required to be provided because GFS does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

Business Continuity Plan

General

We have a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. In the event a loss of office space occurs, a new site will be communicated to you. Our association with Deighan Associates, Inc. (DAI) offers substitute office space, communications and personnel to assist with Business Continuity issues, in most events. GFS employees on staff are experienced, prepared, and licensed to operate the business in the event of loss of key personnel.

Disasters

The Business Continuity Plan is intended to cover natural disasters such as snow storms, hurricanes, tornadoes, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite. Previous needs to obtain backed up information have been successful.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

In the event of Anne C. Gibson's serious disability or death, employees of GFS have been instructed to contact Deighan Associates immediately. Employees of GFS have the experience and credentials to continue GFS'

business on their own but Gibson believes personnel at DAI would provide additional experience and depth that would benefit clients during a time of transition.

Information Security Program

Information Security

We maintain an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

We are committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these non-affiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

We require that our advisers have a bachelor's degree and further coursework demonstrating knowledge of financial planning and investments. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisers must have work experience that demonstrates their aptitude for financial planning and investment management.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with 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. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

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 as 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 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 in order 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 CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

ANNE C. GIBSON, MBA, CFP®

Educational Background: B.A. MBA, CFP®

- Date of birth: 3/7/1954
- CFP® 2000
- McGill University, Montreal, 1983, M.B.A.
- University of Maine 1976, B.A.
- Passed Series 7 General Securities Representative exam
- Passed Series 65 Uniform Investment Adviser Law exam

Business Experience:

- Gibson Financial Solutions LLC, Owner; 2001 to present
- Block Capital Management, President; 2000
- Bar Harbor Banking & Trust, Vice President and Trust Officer; 1996-2000

- Hamilton Marine, Human Resource Manager; 1995
- Bar Harbor Banking & Trust, Vice President & Trust Officer; 1988-1995

Disciplinary Information: None

Other Business Activities:

Rotary International, Past President

Member National Association of Personal Financial Advisors (NAPFA)

Member Financial Planning Association (FPA)

Additional Compensation: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

PAUL E.J. PANGBURN, CFP®

Educational Background: B.S. degree

- Date of birth: April 20, 1983
- CFP® 2010
- University of Massachusetts at Amherst, 2006, BS
- Passed series 65 Uniform Investment Adviser Law exam

Business Experience:

- Gibson Financial Solutions, LLC, Investment Consultant; present
- Gibson Financial Solutions, LLC, Financial Planning Assistant; 2007-2010

Disciplinary Information: None

Other Business Activities:

Member of Rotary International

Ellsworth Downtown Business Association, treasurer

Board Member of Acadia Skating Association, treasurer

Board Member of Faith in Action

Association for Science in Autism Treatment Finance Committee Member

Additional Compensation: None

Supervision:

Pangburn is supervised by Anne C. Gibson, Owner, who reviews Pangburn's work through frequent office interactions as well as remote interactions. She also reviews Pangburn's activities through monitoring work completed and archived in client and business files.

Gibson's contact information:

PHONE: 667-9993 EMAIL: annegibson@gibsongfs.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None