



Financial Concepts, Inc.

***INVESTMENT ADVISORY & MANAGEMENT
DISCLOSURE DOCUMENT***

2011



Financial Concepts, Inc.

Disclosure Document

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Advisory Business

Financial Concepts, Inc. was founded in 1987. We are a registered investment adviser that provides investment advisory & management services and financial planning & consulting services to individuals and small businesses. Our principal owner is Tim Wolf.

Investment Advisory & Management

Our investment advisory & management strategies focus on mutual funds, stocks, bonds, alternative investments, real estate investments and variable annuities. We review and analyze your current portfolio in order to provide you with recommendations that fit your individual objectives and financial goals. We employ an extensive financial profile evaluation that is reviewed with you prior to offering investment or asset allocation advice. Clients may make us aware of any investment restrictions they wish to place on the account.

In addition to the allocation advice rendered above, we may also recommend the allocation or reallocation of client assets among the various choices offered under a variable life/annuity or retirement plan. In some cases, Client assets remain with the original annuity issuer or qualified plan custodian.

Assets Under Management

We managed \$57,131,212 on a discretionary basis as of December 31, 2010.

Financial Planning & Consulting

We provide our clients with a broad range of comprehensive financial planning and consulting services, including estate and retirement planning. We advise businesses and other entities such as qualified retirement plans, family trusts, family limited partnerships and charitable trusts. We also assist in tax preparation, estate planning, loan assistance, review of insurance policies and special situations such as business sales.

We require that our investment advisory & management clients use our financial planning & consulting services. We may charge a separate fee for these services. We may also recommend the services of other professionals to implement our recommendations. We do not receive any compensation for referrals.



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Fees & Compensation

Investment Advisory Fees

Our investment advisory & management fees are calculated as a percentage of assets under management, prorated and charged either monthly or quarterly in arrears, based upon the market value of the assets on the last day of the previous month or quarter. You will be billed in accordance with this schedule or your account will be debited directly, and you will receive a statement that explains all charges, including our fees. Our fees do not include brokerage commissions, custodial fees, transaction fees, taxes and other related expenses that may be charged by third parties. We do not receive any portion of these other expenses. Our annual fees are generally based on the sliding scale shown in the following schedule:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
First \$500,000	1.25%
Next \$500,000	1.00%
Next \$500,000	0.75%
Next \$1,000,000	0.50%
Above \$2,500,000	Negotiable

For new investment advisory & management accounts, fees are calculated on a *pro rata* basis for the first billing period. Our fees are prorated through the date of termination and any remaining balance is charged or refunded to the client in a timely manner.

At our sole discretion, we may charge a discounted investment advisory & management fee based on the following criteria:

- i. dollar amount of assets managed,
- ii. other related accounts we manage,
- iii. account composition,
- iv. pre-existing relationship,
- v. account retention, and
- vi. *pro bono* advise to charitable organizations.



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Financial Planning & Consulting Fees

Our financial planning & consulting fees are calculated on an hourly and/or annual fixed basis. Generally, the annual fees are prorated and charged either monthly or quarterly in arrears. The fees are negotiable, but generally range from:

- i. \$1,000 to \$20,000 annually for fixed fees; and/or
- ii. \$75 to \$250 an hour

The actual rate depends on the level and scope of the services and the professional rendering the services.

Termination

Either party may terminate the agreement by written notice to the other. In the event the client terminates our services, the balance of any unearned fees shall be promptly refunded to the client. If the account is terminated within five business days of entering into an agreement, the client will receive a full refund.

Types of Clients

Our clients include individuals, family trusts, family limited partnerships, pension and profit sharing plans, various types of trusts, estates, charitable organizations, corporations and business entities.

Methods of Analysis, Investment Strategies & Risk of Loss

We rely on fundamental and technical research philosophies to maximize our investment evaluation process. We use various financial industry publications, third-party research and the Internet as our primary sources.

Other Financial Industry Activities & Affiliations

Tim Wolf and Ray Kelsey are the Managing Members of InvestSolutions, LLC and TR Management, LLC.



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InvestSolutions owns 3195 Ray, LLC, whose only asset is Financial Concept's offices. InvestSolutions also manages FinCo Ventures, LLC. FinCo owns a non-controlling interest in Trinity Capital Investment, LLC, which provides equipment lease and fixed asset debt financing to early stage and emerging growth companies. Mr. Wolf is a member of Trinity's Board of Directors. Clients who qualify as accredited investors as defined by the federal securities laws may be solicited to purchase an interest in FinCo. Mr. Wolf and Mr. Kelsey may benefit in the form of distributions by Trinity. Our relationship with Trinity is explained to potential investors prior to executing a subscription agreement.

TR Management, LLC manages SynEq Ventures, LLC. SynEq maintains a non-controlling interest in TCI SSI, LLC. TCI SSI will purchase Series E shares of SynCardia, Inc. SynCardia is a private medical company which sells a Total Artificial Heart (TAH) for patients awaiting a heart transplant. TCI SSI is a private equity fund in which members will receive a preferred rate of return and share of the profits interest. Mr. Wolf and Mr. Kelsey may benefit in the form of distributions by SynEq. Our relationship with SynEq is explained to potential investors prior to executing a subscription agreement.

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

We have adopted a Code of Ethics that outlines the standard of conduct expected of our officers and employees. Our Code of Ethics is designed to prevent the use of material non-public information. Our officers and employees are permitted to buy or sell securities that we also recommend to clients under the guidelines established in our Code of Ethics. To help prevent conflicts of interest, we require our officers and employees to report their personal securities holdings and transactions, and to obtain pre-approval of certain investments such as initial public offerings and limited offerings. Some transactions do not require reporting, including investments in U.S. registered open-end mutual funds, money market funds, bank instruments, unit investment trusts and U.S. government securities. We also place restrictions on the purchase or sale of securities for their own accounts and the accounts of affiliated persons, as defined by the federal securities laws. You may request a copy of our Code of Ethics from Raymond Kelsey, our Chief Compliance Officer.

Brokerage Practices

Factors that we consider in recommending Fidelity or any other broker-dealer to our clients:

- i. respective financial strength and liquidity,
- ii. industry reputation,
- iii. execution speed,
- iv. pricing, and
- v. level of service.



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Fidelity enables us to obtain many mutual funds without transaction charges, and other securities at nominal transaction charges. The commissions or transaction fees charged by Fidelity may be higher or lower than other broker-dealer's charges.

Best Execution

As a fiduciary, we have a duty to seek best execution for our client's securities transactions. In some cases, a client may pay a commission that is higher than another qualified broker-dealer might charge to execute the same transaction if we determine that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the most important factor is not always the lowest possible cost, but whether the transaction represents the best overall execution. We consider the full range of a broker-dealer's services, including:

- i. the value of research provided,
- ii. execution capability,
- iii. commission rates, and
- iv. responsiveness.

While we use Fidelity's platform to service your account, we periodically research the execution quality of other brokers-dealers based on these and other factors. While we strive to seek competitive rates, we may not necessarily obtain the lowest possible commission rate.

Directed Brokerage

Clients may direct us to use a particular broker-dealer to execute some or all of their transactions. In that case, the client is responsible for negotiating terms with that broker-dealer. We will not seek better execution services or prices from directed brokers. Orders executed through directed brokers cannot be batched with orders we place for other clients. As a result, the client may pay higher commissions, transaction costs, spreads or receive less favorable net prices. In some cases, we may decline a client's request to direct brokerage if, in our sole discretion, the directed brokerage arrangement would cause operational difficulties.

Trade Allocation

Client transactions are generally placed individually unless we decide to aggregate purchase or sell orders. We may combine orders to obtain best execution, more favorable commission rates, or to allocate transaction costs equally. Shares are distributed pro rata, and clients will receive the average price. No client or group of clients may receive preferential treatment. Our aggregation and allocation decisions are made with a view to fair and equitable treatment of our clients over the course of our relationship.



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Soft Dollars

Fidelity provides us with computer software and related systems support at no cost, which allows us to monitor client accounts maintained on their platform. We receive the software and related support at no cost because we render investment advisory & management services to clients that maintain assets at Fidelity. The receipt of these benefits may prevent us from using other broker-dealers to execute client transactions.

Specifically, we receive the following benefits from Fidelity Institutional Wealth Services Group:

- i. duplicate client confirmations and statements;
- ii. access to a trading desk that exclusively services its Institutional Wealth Services Group participants;
- iii. access to block trading, which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; and
- iv. access to an electronic communication network for client order entry and account information.
- v. custody of non-traditional IRA assets approved by Fidelity's Alternative Investment Group

Review of Accounts

We monitor portfolio investments on a continual basis. Ray Kelsey, Investment Adviser Representative, reviews investment management accounts on a periodic basis. Financial planning & consulting services accounts are reviewed by Tim Wolf and Ray Kelsey on an as needed basis. Investment advisory & management clients are encouraged to keep us informed of any changes to their needs, goals, and investment objectives. We contact our investment advisory & management clients periodically to review account performance and to discuss the impact of any changes in the client's financial situation or investment objectives.

Clients are provided with confirmations and account statements directly from the custodian. We also provide investment advisory & management clients with periodic reports that include relevant account or market-related information such as an inventory of account holdings and account performance.

Financial planning & consulting services clients may receive various reports summarizing our analysis and conclusions on an as needed basis. Otherwise, we provide reports upon request.



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Investment Discretion

We primarily allocate investment management assets on a discretionary basis among mutual funds after evaluating a client's investment objectives. The total amount (in dollars or % terms) of the securities to be bought or sold in a discretionary account will be determined by us on a continuous

basis, but only after an initial consultation with the client where the particular circumstances and objectives are determined. Clients will be consulted periodically to review their investment objectives and discuss the account's performance. Although we maintain discretionary authority over your assets in accordance with our agreement, *we strive* to obtain verbal or written approval for all transactions.

Voting Client Securities

We may vote proxies for our clients if we are granted responsibility. Absent special circumstances, all proxies will be voted under the guidelines of our Proxy Voting Policies and Procedures. Clients may contact us at any time to request information about how we voted their proxies, or to get a copy of our Proxy Voting Policies and Procedures. Here is a brief summary of our procedures:

A) Our Proxy Voting Committee is responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.

B) Our Proxy Voting Committee will generally vote proxies according to the Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.

C) Although the Proxy Voting Guidelines are followed as a general policy, certain issues must be considered on a case-by-case basis. Since corporate governance issues are diverse and continually evolving, we research special situations such as tenders offers or social issues when appropriate.

D) In situations where there may be a conflict of interest in voting proxies due to business or personal relationships that we maintain with clients who have an interest in the outcome of certain votes, we will take appropriate steps to ensure that our proxy voting decisions are made in the best interest of our clients.



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Educational Background & Business Experience

All individuals that render investment advisory services must have earned a college degree and/or have substantive investment-related experience.

Timothy L. Wolf, (*Born 1955*), founded Financial Concepts in 1987, and serves as President. He obtained a B.S. in Accounting from Arizona State University in 1978.

Raymond C. Kelsey, (*born: 1954*), has served as an Investment Analyst since May 2001. Since July 2005, he has also served as our Investment Adviser Representative and Chief Compliance Officer. Mr. Kelsey attended Lebanon Valley College, focusing on Biochemistry. He also attended State University New York (SUNY Farmingdale) and CW Post (Long Island University), concentrating on Business.

Disciplinary Information

Mr. Wolf has a disciplinary matter related to his association with Royal Alliance Associates, Inc., a FINRA registered broker-dealer. The details of this matter can be found on FINRA's BrokerCheck system at: www.finra.org/brokercheck.

Other Business Activities

Mr. Wolf serves on the Board of Directors for Trinity Capital Investment, LLC, which leases equipment and provides fixed asset debt financing. Through FinCo Ventures, LLC, Mr. Kelsey and Mr. Wolf hold a non-controlling interest in Trinity. Some of our clients also hold an interest in FinCo. We have determined that Mr. Wolf's association with Trinity does not create a material conflict of interest with our clients due to the disclosures we make to them. We will continue to monitor those relationships to determine if a material conflict arises. The compensation Mr. Wolf receives from Trinity is not a substantial source of income. Mr. Wolf and Mr. Kelsey do not receive any compensation from Trinity that is related to the sale of securities or investment products. Mr. Wolf's time commitment for board service is not substantial.



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Supervision

Overall Supervision

Our Chief Compliance Officer has implemented the following procedures:

- i. All employees have access to a current copy of the Compliance Manual;
- ii. Periodic review and amendment of the Manual if and when applicable.
- iii. Amendments are available to all employees;
- iv. Proper licensing of all personnel in the jurisdictions where required;
- v. Periodic compliance meetings to cover new topics and review areas of concern
- vi. Periodic review of:
 - a) The adequacy and completeness of the supervisory procedures in light of the current operational and regulatory climate; and
 - b) The compliance of advisory personnel with the supervisory procedures.

Supervision of Personnel

Our Chief Compliance Officer is responsible for the following functions:

Determining that our employees are properly qualified, licensed and registered (if applicable) to perform the function assigned;

Confirming that the licensing and registration requirements are met and are currently maintained;

Reporting all material changes in required filings to regulatory authorities;

- i. Interviewing all prospective employees and reviewing the required information prior to accepting them as employees;
- ii. Periodically reviewing all personal accounts and personal trading;
- iii. Reviewing and approving all communications with clients;
- iv. Supervising access of personnel to client records and files;
- v. Reviewing and approving advertising and electronic communications; and
- vi. Reviewing outside business activities of employees.

Details of these reviews are described in greater detail throughout our Compliance Manual in the sections related to oversight of specific activities. You may contact Ray Kelsey, our Chief Compliance Officer, at 480-963-1300 with questions concerning supervision.