

Firm Brochure

(Part 2A of Form ADV)

CYGNET FINANCIAL PLANNING, INC.

(d/b/a Cygnet Financial Freedom House)

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March 31, 2011

This brochure provides information about the qualifications and business practices of Cygnet Financial Planning, Inc. ("Cygnet"). If you have any questions about the contents of this brochure, please contact us at (248) 673-2900, or by email at Service@FinancialFreedomHouse.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 Cygnet 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.

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

We will further provide you with a new Firm Brochure as necessary based on changes or new information, at any time, without charge.

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.

This Brochure dated March 31, 2011 is a new document prepared according to the SEC's new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (248) 673-2900 or by email at Service@FinancialFreedomHouse.com.

Additional information about Cygnet is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Cygnet who are registered, or are required to be registered, as investment adviser representatives of Triad Advisors, Inc.

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Advisory Business

Firm Description

Cygnet Financial Planning, Inc. ("Cygnet") was incorporated in 1982. Its headquarters are in Waterford, Michigan.

Cygnet is an independent fee-based financial planning and investment advisory firm that offers investment advisory and financial planning services to individuals, business owners, corporations, estates, trusts, charitable organizations, pensions and profit sharing plans. Cygnet's current Assets Under Management ("AUM") for which Cygnet is charging an investment advisory fee was \$54 million as of January 1, 2011.

Cygnet utilizes Triad Advisors, Inc. ("Triad") as its broker-dealer for the purpose of clearing (buying and selling) client securities and other investment related products. Cygnet relies upon Triad for other infrastructure support services, collection of investment advisory fees, technology assistance, volume pricing discounts with certain technology service providers, etc.... Cygnet's Investment Advisor Representatives ("IAR") may also be registered representatives of Triad. In this role they can sell stocks, bonds, mutual funds, limited partnerships, variable annuities, and other commissioned products.

Cygnet is also a licensed resident insurance agent in the State of Michigan. It has contracts with various insurance companies and insurance brokerages which allows it and its properly licensed representatives to write insurance (life, health, disability, long term care, supplemental benefits, etc...) and fixed annuity business on behalf of Cygnet's clients.

The majority of Cygnet's revenue is derived from investment advisory fees charged to individuals, businesses, trusts, pensions and profit sharing plans. For the Fiscal Year 2011 Cygnet expects to derive 48% of its revenue from investment advisory fees, 26% from commissions on group insurance and payroll deduction plans and 26% from commissions on individual insurance, annuity and security sales.

Cygnet's personal financial planning services are provided by following a consultative and systematic process of cash flow analysis. A written evaluation of each client's financial situation is provided to the client, often in the form of Cygnet's Financial Lifestyle AnalysisSM, a net worth statement, and, if warranted, Monte Carlo Simulation and Analysis.

Cygnet's investment advisory services are intended to help all clients efficiently manage the risk of investment volatility, longevity and inflation and achieve the goals and cash flow requirements documented in their Financial Lifestyle AnalysisSM. Cygnet's investment philosophy is grounded in the concept of Modern Portfolio Theory which is carried out via strategic and tactical asset allocations generally using no-load or load-waived mutual funds or exchange traded funds ("ETFs").

Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Principal Owners

Cygnet is a privately owned and independent corporation that is 100% owned by Theodore "Ted" Lakkides.

Advisory Services Overview

Cygnet's Investment Advisor Representatives ("IAR") provide continuous and regular investment advisory services to clients in connection with establishing and monitoring of client investment objectives, risk tolerance, asset allocation goals and time horizon. In addition, Cygnet's IARs may provide you with information and research about investment products and strategies, and review portfolio performance reports. You have the opportunity to place reasonable restrictions or constraints on the way your account is managed; however, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with the average client of Cygnet.

Cygnet offers investment portfolio management services primarily through Fee-Based Advisor Managed Accounts and Fee-Based Third Party Managed Accounts. Trades are generally cleared through National Financial Services, LLC ("NFS") pursuant to Cygnet's clearing agreement with NFS (via Triad).

Custody of funds and securities are generally maintained by NFS. Certain third party money managers and outside Registered Investment Advisors may not clear through NFS and may use a different custodian for clients' assets. Cygnet may use other custody and trading platforms for its individual, institutional and retirement plan clients. This determination is based upon the unique circumstances associated with each of these clients. Regardless of trading platform or custodian, Cygnet's policy is that Cygnet and its IARs will not maintain custody of client funds or securities.

The services that we provide under some or all of these investment options may be available from other providers for lesser fees. In addition, you may buy securities (e.g., mutual funds, exchange traded funds, etc.) outside of our investment programs without incurring fees through our program.

Types of Investments

Cygnet and its IARs offer advice on the following types of investments.

- **Equity Securities**
 - Exchange listed securities
 - Securities traded over the counter
- **Investment company securities**
 - Variable life insurance
 - Variable annuities
 - Mutual fund shares
- **Alternative Investments, Structured Products, Direct Participant Programs, Limited Partnerships**
 - Real estate
 - Oil and gas interests
 - Equipment leasing, cable television, franchising ...
- **Unit Investment Trusts**
- **United States Government Securities**
- **Real Estate Investment Trusts (REITs)**
- **Warrants**
- **Corporate Debt Securities**
- **Commercial Paper**
- **Certificates of Deposit**
- **Municipal Securities**

General Account Characteristics

Cygnet offers several platforms available through or sponsored by Triad and other firms that our IARs can utilize to meet the needs of our clients. After consultation with a client, the IAR determines which platform, asset allocation and investment strategy to recommend based on the client's income needs, investment goals, risk tolerance and account size.

Described below are general characteristics regarding discretionary authority, payment of fees, termination of contracts that will affect your accounts and "other" fees that you may incur. It should be noted that the advisory fees and transaction charges do not cover charges imposed by third parties for the investments held in the accounts, such as mutual fund expense ratios, 12(b)1 fees, etc....

Following these disclosures are descriptions of the accounts or services that Cygnet offers, the basic management fee structures and any unique characteristics. For a more complete discussion and

disclosure regarding any Account's services or fee structure, we will provide you with a detailed advisory agreement and/or the third party money manager's ADV Part 2 and Part 2A – Appendix (wrap fee brochure), at or prior to account opening.

Termination of Agreement

Cygnet's advisory agreements may be terminated by either party at any time by written notice. The effective date of the termination and the policy for refunding unearned fees will be specified in the advisory or financial planning agreement signed between you, Cygnet and/or the third party money manager. Generally, fees paid in advance will be prorated to the date of termination and any unearned portion of the fee will be refunded back to you.

We will provide applicable disclosure brochure(s) or Form ADV Part II to clients and prospective clients more than 48 hours prior to entering into an advisory contract. In the event the disclosure brochure is not delivered until entry into the contract, you may terminate the contract with no penalty within five business days after entering into the contract.

Discretionary Authority

In certain cases, you may give Cygnet's IAR or a third party money manager discretionary authority to more actively manage your assets. This authority and its scope is disclosed in the applicable advisory agreement signed between you, Cygnet and/or the third party money manager.

Assignment of Agreements

Cygnet will not assign client agreements to another investment advisor or other third party without client consent. Cygnet's management retains the right change account service responsibilities from one IAR employed by Cygnet to another IAR employed by Cygnet based on manpower, client-advisor fit and other management considerations.

Fee-Based Advisor Managed Accounts

The Advisor Managed accounts platform available through or sponsored by Triad gives Cygnet's IARs the ability to customize asset allocation, investment selection, and investment strategies to meet your individual financial situation and investment objectives. Most accounts are managed on a non-discretionary basis, meaning that the client must consent to each trade in the account. However, certain clients may grant the IAR trading discretion over their accounts. This trading discretion and any limitations on it will be set forth in the client's agreement with Cygnet. The services that the IAR and Cygnet provide to clients are the same regardless of the account structure selected. In each account structure, the IAR may manage and provide advice on mutual funds, stocks, bonds, ETFs, UITs, LPs, and options. All of the account structures give IARs the ability to customize asset allocation, investment selection, and investment strategies to meet the clients' individual financial situation and investment goals.

Several factors may influence the selection of the account structure including but not limited to: 1) your preference for a "wrap" vs. transaction charges per trade on certain or all securities; 2) account size; 3) anticipated trading frequency; 4) anticipated securities to be traded; 5) management style and/or; 6) long term investment goals. In each account structure, the IAR may manage and provide advice on mutual funds, stocks, bonds, ETFs, and Limited Partnerships ("LP").

Although the services provided are generally the same under each structure, the pricing of each one is structured differently. The available account structures include several wrap programs under which the client pays a single fee that covers the IAR's advice and the execution of transactions through Triad as broker-dealer. These programs are described in one or more wrap fee brochures, which are available upon request. Cygnet also offers the Crown, Apex and Summit accounts. Under other account structures, clients pay an advisory fee to Cygnet plus additional charges in connection with each transaction. Cygnet typically manages accounts in the wrap programs differently than the accounts that pay transaction fees because of the different nature of the services provided.

Fee-Based Third Party Managed Accounts

Private Managed Account ("PMA") Programs

The PMA programs provide access to a number of third party money managers with various specialties and investment strategies (i.e., fixed-income, small cap, international, etc...), as well as asset allocation

or asset management services. A PMA is an investment portfolio that is managed on a discretionary basis by a third party money management firm primarily through individual stocks, bonds, ETFs, or mutual funds. The duties of Cygnet's IARs will include assisting you in choosing investment objectives and appropriate investment managers, setting restrictions or limitations on the management of the account, explaining portfolio strategies and transactions and answering client questions. Furthermore, Triad and/or Cygnet reviews the performance of third party advisers on at least an annual basis and prior to introducing clients to the non-affiliated third party money managers.

As sponsor of the PMA programs, Triad has established contractual relationships with third party money management firms to enable clients access to discretionary investment management and advisory services. Based on client needs, Cygnet and its IARs may utilize one or more of the following Third Party Manager's that are available through Triad's PMA program:

1. **Advisor's Asset Management (AAM)**
2. **AI Frank Asset Management**
3. **Aurora Investment Counsel**
4. **Capstone Asset Management Company**
5. **Efficient Advisors**
6. **Innealta Capital**
7. **Lindner Capital Advisors, Inc.**
8. **Rochdale Investment Management**
9. **Stadion Money Management**

Odyssey Account

In addition to Privately Managed Accounts described above, Triad (the "Investment Manager") and Rochdale Investment Management (the "Sub-Manager") provide the Odyssey account. This is a wrap fee account, where you and your Cygnet IAR will select a recommended asset allocation for your assets. Specific account information regarding the program and its fees are disclosed in the applicable Wrap Brochure.

Third-Party Program Consulting Services

In addition to the stable of Third Party Money Managers described above, Cygnet also has access (via Triad) to third party advisors who provide additional platforms of managers from which you and your IAR can evaluate and choose. These platforms offer separate account managers, mutual fund solutions, and multi-manager strategies.

Cygnet will not have any trading discretion over client assets in these programs; however the third party money manager(s) may have discretion over client assets invested in the program. The client will receive a disclosure brochure describing each program.

Currently Cygnet makes the following third party programs available to its clients. Other programs may be added to this list in the future. Similarly, Cygnet may remove a program from this list at any time.

1. **Brinker Capital**
2. **Curian Capital**
3. **FundQuest**
4. **Ladenburg Thalmann Asset Management ("LTAM") – the ICS and LAMP program**
5. **Managed Account Solutions ("MAS")**
6. **Matson Money/Matrix**
7. **SEI Investments Management Corporation**

Qualified Plan Consulting and Financial Planning Services

Qualified Plan Consulting Services

Cygnet provides pension consulting and investment advisory services to the sponsors, trustees and participants of qualified retirement plans that include but are not limited to defined benefit pension plans, profit sharing plans, 401(k) plans, etc.... ("Plan")

Cygnet's IARs will give advice and formal recommendations to its Qualified Pension Consulting Service clients on, among other things:

- Screening, selection and monitoring of Plan investment options;
- How to allocate their investments within their pension plans or other trusts;
- The selection of an investment adviser or investment company to manage Plan assets;
- Review of investment adviser or investment company performance;
- Participant investment advisory services;
- Participant portfolio management services through the establishment and maintenance of asset allocation models specific to the Plan.

The full scope of the services to be provided and the fees to be charged by Cygnet are documented in the written agreement between the Plan trustees (or other authorized person) and Cygnet. In this agreement, Cygnet will acknowledge that it is a fiduciary to the Plan for the services it has been retained to provide. The full scope of Cygnet's fiduciary obligation and Cygnet's acceptance of the associated liability is specified in the written agreement between the Plan and Cygnet.

Cygnet's IARs may use data provided by various third parties to perform qualitative as well as quantitative analysis of investment companies or investment advisers. This analysis focuses on an entity's investment process, personnel and performance. Quantitative analysis attempts to identify performance goals relative to a benchmark.

Termination of Agreement

Generally, an agreement may be terminated by either party within thirty (30) days written notice unless otherwise specified in the written agreement signed between Cygnet and the client. Fees paid in advance will be refunded to the client prorated to the number of days in the quarter in which the client received the services. Please refer to the written agreement signed between Cygnet and the Plan for details regarding fees, payments, termination and refund policies.

Financial Planning Services

Cygnet provides comprehensive financial planning, analysis and recommendations in the area of Financial Planning, Investment Planning, Retirement Planning, Insurance Planning, Estate Planning, Benefits Planning, Tax Planning and Business Planning. Cygnet's IARs and professional staff carefully review the information and related documents supplied by the client to prepare a financial plan and report.

Several financial plans and reports are available. Cygnet can:

- Develop a Personal Cash Flow Plan to assist the Advisory Client during their working years in developing a clear picture of their current financial situation while helping them chart a course of action that blends their future quality of life with their career goals.
- Develop a Personal Cash Flow Plan to assist the Advisory Client after they have retired in developing a clear picture of their current financial situation while helping them chart a course of action that maximizes the value of all their benefits and assets during the retirement years.
- Develop an Asset Allocation Plan, based on the Advisory Client's goals and objectives, to recommend generic investments for the repositioning of current and future investable dollars where appropriate.
- Develop an Estate Plan, to assist the Advisory Client in developing a strategy for distribution of estate while minimizing taxes. (This plan must be reviewed with Advisory client's tax or legal advisor)

- Develop an Insurance Policy Analysis to assist the Advisory Client in assessing the Advisory Client's existing insurance policies.
- Develop a Charitable Gifting strategy that achieves the Advisory Client's altruistic objectives while also satisfying the Advisory Client's cash flow needs.
- Develop a Business Plan to assist Advisory Client in defining a strategy for the disposition of the business, the further growth of the business and/or the strategic modification of the business.
- Develop a Fringe Benefits strategy to assist Advisory Client in maximizing use of those dollars allocated, in a cost effective plan.
- Develop a Financial Check-up to help Advisory Client determine if they are on track to achieve their financial goals.
- Assist Advisory Client in developing an investment strategy for their 401(k) assets.
- Assist Advisory Client in developing a plan to finance future education costs
- Assist client in developing a debt reduction strategy.

Implementation requires that clients work closely with their attorney, accountant, insurance agent, and investment broker. However, implementation is up to each client's discretion. You are under no obligation to act on our recommendation. If you elect to act on any or all of the recommendations, you are under no obligation to effect the transactions through Cygnet or an associated person of Triad Advisors, Inc., a licensed broker dealer.

Termination of Agreement

Cygnet's Financial Planning Agreement may be terminated at any time by either party without penalty by giving written notice. Any fees paid by the client in such situations and not yet earned by Cygnet will be refunded on either a pro-rata basis or based on the time and effort and expenses expended by Cygnet.

Fees and Compensation

Description

Generally Cygnet bases its fees on a percentage of assets under management including cash. Cygnet may elect to charge an hourly rate, fixed fee (not including subscription fees), subscription fee, or commission in place of or in addition to the percentage of assets under management fee. The fee compensates Cygnet, its IARs and the third party money manager for the asset management services, investment advice and recommendations provided.

To compensate our firm directly for services provided to you, prior to paying our IARs or a third party money manager, we may deduct from the investment advisory and management fee a service charge based on the total portfolio value. This deduction of the service charge by our firm does not create any charge to you in addition to the investment advisory and management fee.

The specific fee structure for your account will be disclosed in the agreement signed between Cygnet and the client.

Some *Retainer Agreements* may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

Financial plans are priced according to the degree of complexity associated with the client's situation and/or the hours billed.

For the Apex and Crown account structures available through Cygnet's relationship with Triad, the transaction charges have been established to compensate Cygnet and Triad for their services and reimburse both parties for expenses in executing transactions in the account. These transaction charges have not been negotiated and may be higher than transaction charges or commissions that you might pay if the transactions were executed at another broker-dealer. Although transaction charges may be identified as "commissions" on trade confirmations, they are considered transaction charges and neither an IAR of our firm, a third party money manager or an outside Registered Investment Advisory

firm utilizing the program will receive any portion of these charges. For detailed fee and transaction charges schedule please request an applicable program agreement.

Fee Billing

For the majority of accounts, fees are payable quarterly in advance, and are automatically deducted from the account pursuant to the advisory agreement. If an account is opened in the first or second month of a quarter, it will be charged one fee during its first billing cycle, which generally occurs during the first full month after the account is established. The fee is prorated for the number of days the account was open based on the start date through the end of the quarter. Cygnet's fee will be based on the average daily balance of the account during the first partial month. If an account is opened in the third month of a quarter, it will generally be charged two fees in its first billing cycle. The first will be for its partial quarter. The second will be for the upcoming full quarter. The fees generally will be charged on the 15th business day of the first full month, or the first month of the next quarter. Going forward, Cygnet's fees are calculated at the end of the quarter and charged during the first month of the quarter based on the average daily balance of the account, for the last month of the preceding quarter. Additional deposits of funds and/or securities will be subjected to the same billing procedures.

Certain accounts' fees are payable monthly in advance and are automatically deducted from the account pursuant to the advisory agreement signed between Cygnet and the client. The account will be billed for the first partial month and the first full month during the first full month. Cygnet's fees are calculated based on the average daily balance during the first partial month. Going forward, all monthly fees will be charged in the current month based on the prior month's average daily balance.

Third party money managers may calculate and charge their fees based on quarter ending balances or some other method which will be disclosed in the applicable Form ADV, Wrap Brochure, and advisory agreement signed between Cygnet and the client.

On-going investment advisory fees for Qualified Plan Consulting Services are generally billed each quarter in advance, based on the previous quarter's ending balance and will be prorated for services beginning or ending mid-quarter.

In the event that an investment advisory agreement is terminated, fees already collected that are paid in advance will be prorated to the date of termination, and any unearned portion will be refunded back to you.

Fee-Based Advisor Managed Accounts

Generally, management fees for fee-based advisor managed accounts are based on a percentage of the market value of assets under management including cash. The management fee compensates Cygnet and its IARs for the asset management services, investment advice and recommendations provided. The value of the assets will be based on information provided by the custodian of the assets, the client or other third party, as applicable. Cygnet is entitled to rely on the financial and other information that the client, any custodian, or any other third party provides to Cygnet or Triad. Neither Cygnet nor Triad independently verify this information nor does Cygnet or Triad guarantee the accuracy or validity of such information. Clients generally instruct the custodian to take instructions from Cygnet or Triad to debit the fee from one of the client's accounts.

Crown Account

The Crown Account has no minimum account size and advisory fees are negotiable. The basic asset based fee schedule for the Crown Account is as follows:

Portfolio Value	Annual Fee
\$0 - \$150,000	2.50%
\$150,001 - \$500,000	2.15%
\$500,000+	1.75%

In addition to the advisory fee, accounts are assessed transaction charges. These transaction charges may be higher or lower than transaction charges or commissions you may pay at other broker-dealers.

All transactions are subject to postage and handling fees. Equity, ETF, and Bond transaction charges are based on a combination of a flat rate plus a percentage of the principal amount of the trade. The current Crown transaction schedule is detailed in the Crown Advisory Agreement.

Apex Account

The Apex Account has no minimum account size and advisory fees are negotiable. Advisory fees may be slightly higher as compared to a Crown account of similar size and complexity. The basic asset based fee schedule for the Apex Account is as follows:

Portfolio Value	Annual Fee
\$0 - \$250,000	2.75%
\$250,001 - \$750,000	2.25%
\$750,001 - \$2,000,000	1.75%
\$2,000,000+	1.50%

In addition to the advisory fee, accounts are assessed transaction charges. These transaction charges may be higher or lower than transaction charges or commissions you may pay at other broker-dealers. All transactions are subject to postage and handling fees. Transaction charges are reduced and simplified (as compared to the Crown Account). The current Apex transaction schedule is detailed in the Apex Advisory Agreement.

Summit Account

The Summit Account has a negotiable \$50,000 account size minimum and advisory fees are negotiable. Advisory fees may be slightly higher as compared to a Crown or Apex account of similar size and complexity. This account is potentially suitable for accounts that meet the minimum, in which the IAR anticipates primarily investing in mutual funds, and/or for clients that do not wish to experience transaction charges for mutual fund trades. The basic asset based fee schedule for the Summit Account is as follows:

Portfolio Value	Annual Fee
\$0 - \$250,000	2.75%
\$250,001 - \$500,000	2.25%
\$500,001 - \$1,000,000	1.75%
\$1,000,000+	1.50%

In addition to the advisory fee, accounts may be assessed transaction charges. Cygnet's IARs may buy or sell a variety of mutual funds without transaction charges to the client for those trades. When appropriate, Cygnet IARs may purchase non-mutual fund securities at discounted transaction charges assessed to you. These transaction charges may be higher or lower than transaction charges or commissions you may pay at other broker-dealers. The current Summit transaction schedule is detailed in the Summit Advisory Agreement.

Private Managed Accounts

Clients pay Cygnet a quarterly Registered Investment Advisor ("RIA") fee for its services based on a percentage of the value of their account. The fee will be tiered based upon the value of the account. The RIA fee for each type of account is negotiable; however, the third party money manager's fee may

or may not be negotiated. In addition, minimum account balances may be required by the third party money manager. Specific account information regarding these fees and other possible restrictions are disclosed in the PMA agreement, and applicable Wrap Brochure. The basic PMA fee schedule is as follows. It should be noted that this schedule identifies the range of possible fees and it would be unusual for an account to be charged the maximum fee in each category.

Portfolio Value	Annual Fee
RIA Fee	0.0% - 1.80%
3 rd Party Money Manager Fee	0.10% - 1.50%
Brokerage/Clearing/Custody Fee	0.03% - 0.35%
Total Fee Range	0.13% - 2.75%

Due to the administrative complexity of these types of accounts, an early termination fee may be charged, as previously described, if an account is closed within one (1) year. Any minimum account sizes are disclosed in the applicable PMA agreement and Wrap Brochure.

Third-Party Program Consulting Services

The fees that clients pay in connection with the third-party programs are set forth in the program agreement that clients sign. For more information about these fees, see the applicable program brochure.

Triad either receives a portion of the fee collected by the third-party program sponsor or it charges a separate fee for its consulting services. The fee is charged and paid as described in the program brochure. The IAR on the account receives all or substantially all of the fee received by Triad

Qualified Plan Consulting Services Fees

Financial planning fees may be hourly, fixed or a percent of assets depending upon services performed. Hourly fees range from \$60 to \$250 per hour.

The fees charged by Cygnet for Qualified Plan Consulting Services are defined in the written agreement signed between Cygnet and the Plan or its authorized representative. The fee is determined by a number of factors including the number of eligible employees, Plan participation levels, number and location of worksites and total value of Plan assets.

Cygnet bills fees based upon a fixed fee basis, one-time fee basis and/or as a percentage of assets depending on the services Cygnet has been retained to provide. On-going investment advisory fees for Qualified Plan Services are billed each quarter in advance, based on previous quarter's ending balance and will be prorated for services beginning or ending mid-quarter.

Financial Planning Services Fees

Financial planning fees may be hourly, fixed or a percent of assets depending upon services performed. Hourly fees range from \$60 to \$250 per hour. Financial planning fees are exclusive of any fees or commissions you might incur when implementing Cygnet's financial planning recommendations, whether you elect to implement them by working with Cygnet and its IARs or another firm.

Financial planning fees are quoted for specific plans depending on the type and method of delivery. There are three methods of delivery: person to person, workshop or by mail. Prices vary by product and by circumstances. Each case is individually quoted.

Cygnet may from time to time adjust its financial planning fees to reflect commissions earned from insurance and securities transactions and business with a financial planning client. It is Cygnet's intention that any adjustments in financial planning fees will be made when commissions earned are excessive in relationship to work performed and financial planning fees originally quoted would be unfair to the financial planning client.

Other Fees

The investment advisory fee, management fee and service charge do not cover charges imposed by third-parties for investments held in the account, such as contingent deferred sales charges or 12(b)-1 fee trails on mutual funds. In addition, each mutual fund or third party money manager charges asset management fees, which are in addition to the advisory fees charged by our firm. Accounts may require a minimum advisory fee or quarterly maintenance fee that will be detailed in the applicable advisory agreement. The investment advisory fee and management fee also does not cover debit balances or related margin interest, costs associated with exchanging foreign currencies, odd-lot differentials, IRA fees, transfer taxes, exchange fees, wire transfer fees, extensions, non-sufficient funds, mailgrams, legal transfers, bank wire charges, postage fees or SEC fees or other fees or taxes required by law.

The associated persons of Cygnet, in their capacity as registered representatives of Triad, may receive commissions earned on securities transactions directed through Triad (our broker-dealer). Any such fee arrangements shall be fully disclosed to clients. In connection with the placement of client funds into investment companies, compensation may take the form of front-end sales charges, redemption fees and 12(b)-1 fees or a combination thereof. The prospectus for the investment company will give explicit detail as to the method and form of compensation. In addition, fixed income transactions executed through Advisors Asset Management (AAM) are generally charged a mark-up or mark-down and a percentage of this charge is shared with our firm. We also receive compensation on credit balances held at National Financial Services (NFS), where it is the broker of record, and for balances held in certain money market funds with NFS.

For a complete description of applicable management fees please see Item 4: Advisory Business section above to review the fees associated with each program account. Please see Item: 12 – Brokerage Practices for information regarding client brokerage.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio and is disclosed in the fund prospectus. 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 Cygnet or the third-party money manager.

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

Performance-Based Fees

Sharing of Capital Gains

Cygnet does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Types of Clients

Description

Cygnet provides investment advisory and portfolio management services to individuals (other than high net worth), high net worth individuals, corporate pension and profit-sharing plans, estates, trusts, charitable institutions, foundations and endowments.

Client relationships vary in scope and length of service.

Account Minimums

Cygnet does not have a minimum account size requirement for its clients. However, some of the third party money managers and outside Registered Investment Advisors Cygnet utilizes may have a minimum account size requirement.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Cygnet does not analyze individual securities but rather evaluates the clients' investments in the context of an overall asset allocation strategy and/or financial plan developed during consultation between Cygnet's IAR and the client to determine whether the client's investments are in line with their financial objectives.

As part of its investment research, analysis and due diligence efforts, Cygnet consults with sponsors of mutual funds, limited partnerships and variable annuities. Cygnet also consults with the staff of Triad for additional analysis on these products as well as Triad's due diligence reviews of the products of other issuers. Other sources of information that Cygnet may use include Allmast and Factmaster (Sunguard), fi360 Toolkit (Fiduciary 360), Streetscape (NFS), Morningstar Principia mutual fund information, financial newspapers, magazines and the World Wide Web.

Cygnet offers its IARs access to third party vendors that provide programs or software to analyze individual securities. We also offer our IARs access to third party vendors that provide support services in portfolio design and strategy implementation.

Cygnet's IARs may assist you in the selection of other money managers or asset allocation programs. They will assist you in determining investment objectives, selecting managers, funds or portfolios, setting restrictions or limitations on the management of the account, explaining portfolio strategies and transactions, and answering your questions. They will also evaluate the overall investment strategy and performance of any third-party money manager or asset allocation program. Factors to be considered in monitoring performance may include comparing client portfolio performance relative to certain market indices and other money managers. Please be aware that investing in securities involves risk of loss that you should be prepared to bear.

Investment Strategies

By its nature financial planning looks to the long term. After making sure that the clients' short-term cash needs, emergency fund and insurance coverage needs are satisfied, we design investment strategies to help clients achieve their financial goals.

The first step in formulating an investment strategy and/or financial plan is to project future cash flow resources and requirements, often in the form of Cygnet's Financial Lifestyle AnalysisSM and compile a net worth statement. This is a static analysis that is based on a consistent pattern of wages, Social Security and pension benefits, retirement savings contributions, investment earnings and eventually withdrawals from savings. The potential shortcoming of this analysis is that if any one of these variables changes, the actual cash flow achieved will differ from that which was projected. For these reasons clients are encouraged to periodically re-run their numbers.

Based on the premise that one cannot predict the timing, volume, direction and amount of change for specific investments or asset classes, the foundation of Cygnet's investment philosophy is Modern Portfolio Theory ("MPT"). MPT seeks to assemble a portfolio of investment asset classes that are correlated in such a way as to "offset" each others' movements to manage investment risk and portfolio volatility. The primary investment strategy used to manage client accounts is strategic-tactical asset allocation. We typically utilize a combination of passively-managed index and exchange-traded funds, actively-managed funds, fixed income investment funds or annuities, all on a no-load or load-waived basis. The determination of which type of investment to use depends on the client's goals, objectives, tax-sensitivity and other considerations. Portfolios are globally diversified to control the risk associated with traditional markets. While MPT and asset allocation is generally considered an effective and efficient method of managing risk, it does not eliminate portfolio volatility or otherwise guarantee that the projected rate of return will be achieved.

In an effort to test the statistical probability of the client achieving their financial goals, Cygnet will offer to test a client's financial plan and current allocation of portfolio assets using Monte Carlo Simulation ("MCS"). MCS is a statistical method of analyzing the likelihood of success or failure of achieving financial goals based on running multiple market scenarios and plotting the results. While MCS provides statistical insight, it is not a predictor or guarantor of future success or failure.

The specific investment strategy and asset allocation for any given client is based upon the objectives, findings and recommendations resulting from the client consultation process. The client may change

these objectives at any time. Each client executes an Investment Policy Statement (“IPS”) that documents their objectives and their desired investment strategy.

Cygnet does not engage in investment timing strategies. As a general rule, most of Cygnet's clients' accounts are long-term positions (although short-term purchases may occur based on the client's needs) with changes being made for tactical purposes, as a result of periodic investment quality control screens as defined by the IPS or a change in the client's financial situation, goals and/or investment objectives.

Risk of Loss

All types of investments and investment programs for which Cygnet and its IARs offer advice have certain risks that are borne by the investor. Our investment product and strategy suggestions constantly keep the risk of loss in mind and acknowledge that no one investment product can protect against all types of risk. 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, US government securities, corporate debt securities, certificates of deposits and municipal securities become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, unit investment trust 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. For example while a certificate of deposit will protect against market risk by virtue of its guaranteed interest rate, it may leave a holder more exposed to inflation risk than a person investing in the equity markets over the long-term.
- **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 such as corporate debt securities, certificates of deposits and municipal 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. Business risk is of particular concern for individual company specific equity or debt securities, direct participation programs, limited partnerships, or sector specific investment company securities and unit investment trusts.
- **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 investments such as real estate, direct participation programs, limited partnerships, etc... are not as liquid.
- **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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of their management. The following pertains to our company:

- In 2005, the State of Michigan fined Cygnet \$1,500 for a failure to file a valid Consent & Guaranty. This technical violation occurred when Equity Services, Inc. (Cygnet's broker-dealer at the time) failed to sign the Consent & Guaranty and transmit it to the State of Michigan as Cygnet's previous broker-dealers had done.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Cygnet is a registered investment advisor and financial planning firm. Cygnet's IARs may also act as registered representatives of Triad for securities business and as insurance agents for insurance related activity.

Affiliations

Cygnet has arrangements that are material to its investment advisory business and other services Cygnet provides to its clients.

- Cygnet's IARs may also be registered representatives of Triad Advisors, Inc. ("Triad") as its broker-dealer for the clearance (buying and selling) of stocks, bonds, mutual funds, variable annuities and other securities. Triad is a full service broker-dealer registered with the SEC, Financial Industry Regulatory Authority ("FINRA") and various state regulatory agencies. Triad is a wholly owned subsidiary of Ladenburg Thalmann Financial Services, Inc.
- Cygnet is licensed resident insurance agent in the State of Michigan and has a contract with Ash Brokerage, LLC to assist it in the underwriting and placement of its insurance (life, disability, long term care, etc...) and fixed annuity business.
- Cygnet also has contracts with various other insurance companies in addition to Ash Brokerage for life, disability, long term care, medical, health, etc... products not available through Ash Brokerage, LLC.
- Certain IARs of Cygnet are licensed to sell life and annuity insurance products through these relationships. Cygnet, as well as the appropriately licensed IARs, will receive compensation for the sale of such products. You are under no obligation to purchase insurance products through any particular insurance agency or representative and may effect any of these transactions as you may so desire.
- Cygnet is actively pursuing business relationships with banks and credit unions to offer financial planning and investment advisory services to their customers.
- Cygnet is actively pursuing collaborative relationships with accounting and legal firms for cross-referral activity and joint marketing efforts to attract new clients.

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

Code of Ethics

Our firm has adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business conduct and fiduciary duty to our clients. All supervised persons at our firm must acknowledge the terms of the Code of Ethics and personal securities transactions and holdings annually, or as amended.

Our Code of Ethics is designed to ensure that our personnel:

- Observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties;
- At all times place the interests of our clients first;
- Disclose all actual or potential conflicts;
- Adhere to the highest standards of loyalty, candor and care in all matters relating to our clients;
- Conduct all personal trading consistent with the Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and
- Not use any material non-public information in securities trading.

The Code of Ethics also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of these rules, our personnel may not:

- Effect securities transactions while in the possession of material, non-public information;
- Disclose such information to others;
- Participate in fraudulent conduct involving securities held or to be acquired by any client; and
- Engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of these rules.

Dual Status as Investment Advisor Representative & Registered Representative

You may implement investment advisory recommendations by utilizing Cygnet's IARs' status as a registered representative. As registered representatives of Triad, our associated persons can sell a wide range of securities to any client for commissions. This could present a potential conflict of interest as the associated persons could receive fees and commissions if you choose to implement recommendations of our associated persons in their capacity as registered representatives.

In the event that this conflict of interest arises, the conflict will be disclosed to the client and will be resolved in the client's favor.

Participation or Interest in Client Transactions

Cygnet and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Cygnet *Compliance Manual*.

Personal Trading

Our personnel are required to conduct their personal investment activities in a manner that is not detrimental to our advisory clients. They are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where Cygnet's IARs may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons (defined as investment personnel, which includes portfolio managers, assistant portfolio managers, research analysts and trading room personnel, officers of Cygnet or Triad, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Code of Ethics is available to clients and prospective clients from our firm upon request.

Cygnet's IARs may buy or sell for their own accounts, securities that are also held by their clients. Conversely, they may buy and sell securities for client accounts which they themselves may own. Such transactions are permitted if in compliance with our policy on personal securities transactions. Reports of personal transactions in securities by Cygnet's IARs are reviewed by our firm's Compliance department quarterly or more frequently if required.

Brokerage Practices

Selecting Brokerage Firms

Cygnet's IARs, in their capacity as registered representatives of Triad (Cygnet's broker-dealer), will recommend Triad's services to clients who have or are utilizing our firm's advisory services. Cygnet's clients are free to implement advisory recommendations through any firm and are under no obligation to purchase or sell securities through our broker-dealer. We do not warrant or represent that commissions for transactions implemented through our firm will be lower than commission available if you were to use another brokerage firm. However, our belief is that the overall level of services and support provided to clients outweighs the potentially lower transaction cost available under other brokerage arrangements.

You may direct our firm to use a particular broker-dealer or impose guidelines on the amount of investments on a particular company, industry, asset class, or geographical area. If you elect to use a particular broker-dealer for your account, we may not be able to obtain the best available price or execution, or otherwise freely negotiate transaction terms that may be more favorable to you with this or other brokers-dealers. In addition, directed brokerage arrangements may result in you foregoing potential benefits that we may obtain for other clients by, for example, aggregating ("batched") trades. We may simultaneously enter orders to purchase or sell the same securities for the account of two or more clients. It is our practice that these orders be "batched" for ease of execution.

A Triad broker-dealer representative may choose to execute through Advisors Asset Management due to their access to the bond markets, trading support services, and the ability to view competitive offerings. Cygnet and its IARs do not receive referrals, products, research or services (i.e. soft dollars) in connection with this relationship. However, as a broker-dealer, Triad receives payments from Advisors Asset Management for having directed a volume of transactions to them for execution of orders for client accounts, which may include advisory accounts. This compensation does not affect the price that clients pay for securities or the transaction charges they pay. More information about these payments are available upon request.

Trading Authority

Cygnet's IARs may occasionally accept limited trading authority from clients when it is necessary to assist in implementing their investment strategy. Types of securities, as well as dollar size of transactions, are specifically noted in the written client agreement.

Soft Dollars

Our firm receives no products, research, or services (i.e. soft dollars) that it would consider a factor in utilizing a particular broker-dealer. However, our firm does receive certain services and products, such as fundamental research reports, technical and portfolio analyses, pricing services, economic forecasting and general market information, historical database information and computer software that assist our investment management process, from our custodian, National Financial Services.

Nonetheless, when selecting a particular broker for execution of client's transactions, we will seek to obtain most favorable terms under the circumstances by considering such factors as: price, execution capability, reliability, responsiveness, financial responsibility, and the value of any products or services provided by such brokers.

Best Execution and Order Aggregation

Since there may be several prices at which individual securities transactions are executed and the orders were entered as one order for all accounts. It is our practice to treat all subject accounts equally, averaging the execution prices of the related trades and applying the average price to each transaction and account. Allocations of "batched" trades also may be rounded up or rounded down to avoid odd lot or small holdings in any client account.

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

Review of Accounts

Periodic Reviews

Client accounts are reviewed at least annually, or more frequently as agreed upon by the Cygnet IAR and the client. Reviews of investment accounts typically look at portfolio consistency with regards to your risk tolerance, investment time horizon, performance objectives, and asset allocation instructions.

Any third party money manager whom Cygnet's IARs recommend for advisory services provides regular quarterly account reports to both the client and the IAR. Reviews also consist of covering account holdings, transactions, charges, & performance as provided on such statements and other account reports.

Clients who are also receiving financial planning services are reviewed on the same schedule. Reviews cover progress toward financial independence, anticipated distributions toward family legacy goals, anticipated distributions for social capital or charitable goals, as well as other goals communicated by the client.

Review Triggers

In either type of review (financial planning or investment advisory), accounts will also be reviewed upon notice of changes in a client's personal or financial situation.

Other conditions that may trigger a review are changes in the tax laws, new investment information, and periods of extreme market volatility.

Regular Reports

Clients are provided with monthly or quarterly account statements from the qualified custodian, depending on the activity in the account. Reports include details of client holdings, asset allocation, and other transaction information. Comparisons to market indices and account performance may be used to evaluate account performance in your review with the Investment Adviser Representative.

Client Referrals and Other Compensation

Incoming Referrals

Cygnet has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, third party administrators, employees, personal friends of employees and other similar sources. Cygnet may, on occasion, provide a nominal non-cash gift (\$100 or less) to the referrer. This normally is in the form of meals, tickets, gift certificates, etc.... In the event that the referral relationship becomes material it will be disclosed to the client being referred.

Referrals Out

Cygnet may receive solicitors (referral) fees based on a written agreement from third party money managers or outside Registered Investment Adviser firms for referring clients for financial planning and/or investment advisory services. The agreements will be retained by both the company and the solicitor and a disclosure letter will be provided to the client prior to or at the time of entering into any solicitation arrangement for financial planning and/or investment advisory services that identifies the solicitation fee. The solicitor's fee does not increase the fees paid by the client

The associated persons of Cygnet, in their capacity as registered representatives of Triad, may receive commissions earned on securities transactions directed through our broker-dealer. Any such fee arrangements shall be fully disclosed to clients. In connection with the placement of client funds into investment companies, compensation may take the form of front-end sales charges, redemption fees and 12(b)-1 fees or a combination thereof. The prospectus for the investment company will give explicit detail as to the method and form of compensation. We also receive compensation on credit balances held at National Financial Services (NFS), where it is the broker of record, and for balances held in certain money market funds with NFS.

Material Referral Relationships

Cygnet has a material referral relationship with the following persons and/or entities:

- **Corporate Plan Administrators, Inc. (CPA) (d/b/a Fiduciary Firewall Consulting)** is Cygnet's primary source of 401(k) retirement plan investment advisory business. Cygnet also refers to CPA those clients who need plan management and/or fiduciary consulting services. There is common ownership between Cygnet and Corporate Plan Administrators, Inc. This relationship is disclosed in writing to Plan trustees who are free to utilize other providers.

Custody

Account Statements

You should receive at least quarterly statements from a qualified custodian that holds and maintains client's investment assets. Our SEC Registered Investment Adviser firm does not take physical custody of your funds or securities and the custodian for most accounts opened with our firm will be National Financial Services (NFS).

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Cygnet.

Investment Discretion

Discretionary Authority for Trading

Cygnet and its IARs may occasionally accept limited trading authority from clients when it is necessary to assist them in implementing their investment strategy. Types of securities, as well as dollar size of transactions, are specifically noted in the written client agreement. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client's account.

On occasion Cygnet may accept discretionary authority to manage asset allocation accounts on behalf of clients. In these cases Cygnet has 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 in an effort to rebalance the current asset allocation model. This authority extends to the ability to replace account investments per the Investment Policy Statement's due diligence criteria and/or modify the asset allocation so that it remains consistent with the client's objectives as stated in the account's Investment Policy Statement.

However, Cygnet will not change the objective of the client's account without prior written authorization from the client.

Written Agreement

The scope of Cygnet's discretionary authority will be documented in a written agreement signed between Cygnet and the client or their authorized representative.

Voting Client Securities

Proxy Votes

As a matter of firm policy and practice, our firm does not have any authority to and does not vote proxies on behalf of advisory clients. You will retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. However, an IAR may provide advice or education regarding the clients' voting of proxies.

Financial Information

Financial Condition

Cygnet does not have any financial impairment that will preclude the firm from meeting contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

A balance sheet is not required to be provided because Cygnet does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Business Continuity Plan

General

Cygnet has 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.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, 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 with the prior week's data archived offsite.

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

Cygnet has two Series 24 Investment Supervisors and at least two Series 65 Investment Advisor Representatives on staff. This will permit Cygnet to continue servicing its clients in the event of any one person's serious disability or death.

Information Security Program

Information Security

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

- File cabinets with client information are maintained in a designated room within our office suite, both of which are locked after business hours. The building in which our offices are housed is protected by a central alarm system that is activated after hours.
- Confidential client information such as account statements, personal information, etc... will only be transmitted via USPS, Fed Ex, UPS, dedicated facsimile or encrypted email. Our current email encryption service is provided by Smarsh, Inc. – an email security, encryption and archiving company. *For more information visit www.Smarsh.com*
- Our server is protected by a physical locked security cage, internet firewall, anti-spam, anti-virus and other anti-intrusion safeguards installed and maintained by Center for Computer Resources – our retained IT service provider. *For more information visit www.ccr1.com*
- Our data is backed up nightly to a removable hard drive by means of a Back Up and Rapid Recovery (BURR) system which creates a “ghost” image of our server and all its data, settings and programs. Each week the removable hard drives are swapped out with that week's data being taken off site. This system is monitored nightly and maintained by Center for Computer Resources – our retained IT service provider. *For more information visit www.ccr1.com*

- Cygnet has selected Ebix CRM's Smart Office as its customer relationship management (CRM) software. This web-based application and its security is maintained by Ebix CRM. *For more information visit www.SmartOffice.com*

Privacy Notice

Pursuant to the Gramm Leach Bailey Act, Cygnet Financial Freedom House (your financial planning firm and Registered Investment Advisor) and Triad Advisors, Inc. (Cygnet's Broker-Dealer) has created this privacy statement in order to comply with The Act.

Your Personal Information

Our firms' account forms requires consumers to give us personal information (like their name and address), unique identifiers (like their social security number), financial information (like their account numbers, net worth), and demographic information (like their zip code, age, or income level). Financial information that is collected is used to check the users' qualifications for having an account and for other purposes. Unique identifiers (such as social security numbers) are collected for use as required by the IRS. This information is shared between Cygnet and Triad in the establishment and servicing of your account.

With your permission and if so requested by you, we will disclose limited information to specified third parties such as attorneys, accountants, and mortgage lenders with whom you have established a relationship.

We do not provide your personal information to mailing list vendors or solicitors.

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.

Security and Confidentiality Procedures

Our firm has security measures in place to protect the loss, misuse and alteration of the information under our control. We distribute the personally identifiable information only to third parties when necessary to conduct securities, investment advisory, insurance, or financial planning business, or otherwise service the account.

We do not publicly post or otherwise distribute personally identifiable information.

If you have any questions about this privacy statement, the practices of our firm, or your dealings with our firm you can contact us in the following manner:

Mail: Cygnet Financial Planning, Inc.
4139 West Walton Blvd., Waterford, MI 48329

Phone: (248) 673-2900

Fax: (248) 673-5312

Email: Service@FinancialFreedomHouse.com

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

Cygnet requires that advisors in its employ have a Bachelor's degree from an accredited four year college or university and further coursework or experience demonstrating knowledge of finance, financial planning and/or investment management. Examples of acceptable coursework include: an MBA, a CFP®, a CFA®, a ChFC, JD, CTFA, EA or CPA.

Professional Certifications

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

Certified Financial Planner (CFP®): Certified Financial Planners are licensed by the CFP® Board to use the CFP® mark. CFP® certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP® Board (www.cfp.net).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Accredited Investment Fiduciary® (AIF®): Accredited Investment Fiduciaries® are certified by the Center for Fiduciary Studies, LLC (a Fiduciary 360 (fi360) company) and are licensed to use the AIF® mark. The AIF® designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process. AIF® certification requirements include:

- Completion of training program and passing of a comprehensive, closed-book final examination under the supervision of a proctor.
- Agreement to abide the AIF® Code of Ethics.
- Completion of six hours of approved professional continuing education annually.

Theodore “Ted” Lakkides, CFP®

Born May 8, 1944

Educational Background

- Attended Case Institute of Technology from 1962 to 1965
- Graduated from The Ohio State University, June 1968 with a Bachelor of Science degree in Business with a major in Economics and Marketing

Business Experience

- Cygnet Financial Planning, Inc., President, Financial Planner and Investment Advisor Representative (1982 to present)
- Triad Advisors, Inc., OSJ Principal and Registered Representative (2006 to present)
- Equity Services Inc., OSJ Principal and Registered Representative (2002 to 2006)
- New England Securities, OSJ Principal and Registered Representative (1998 to 2002)
- AIG Equity Sales Corp., OSJ Principal and Registered Representative (1996 to 1998)
- MML Investors., OSJ Principal and Registered Representative (1989 to 1996)
- Integrated Resources Equity Corp., Registered Representative (1983 to 1989)
- Connecticut General Ins. Co., Estate and Business Underwriting Specialist (1980 to 1982)

Examinations and Professional Designations

Certified Financial Planner® (1989); FINRA Series 24 (1985); FINRA Series 7 (1983); FINRA Series 6 (1981); FINRA Series 63 (1981); FINRA Series 22 (1982); Variable Contracts (1981); Licensed Insurance Counselor (1982); Life, Health, Accident Insurance (1981)

Disciplinary Information *None***Other Business Activities**

- Partner, Corporate Plan Administrators, Inc. (d/b/a Fiduciary Firewall Consulting), a fiduciary risk management consulting firm and licensed Third Party Administrator.
- Founder, Cygnet Hearing Care, LLC., a network of hearing care providers made available to groups on a subscription basis.
- Director of Worksite Financial Literacy, Michigan Council on Economic Education, a non-profit coalition affiliated with colleges and universities in Michigan that is focused on K-12 and adult financial literacy and economic education.
- Partner, Cygnet Institute for Personal Financial Literacy, an education and training company that develops curriculum and conducts educational workshops for a fee.
- Insurance agent, Cygnet Financial Planning, Inc.

Additional Compensation

Mr Lakkides receives compensation for his work with these other business activities.

Supervision

Ted Lakkides is the securities supervisor and principal for Cygnet Financial Planning, Inc. which is also an OSJ for Triad Advisors, Inc.

Arbitration Claims *None***Self-Regulatory Organization or Administrative Proceedings** *None***Bankruptcy Petition** *None*

Brian S. Lakkides, AIF®

Born March 2, 1970

Educational Background

- Graduated Kalamazoo College, June 1992 with a Bachelor of Arts degree with a major in Economics.

Business Experience

- Cygnet Financial Planning, Inc., President, Financial Planner and Investment Advisor Representative (1992 to present)
- Triad Advisors, Inc., Registered Representative (2006 to present)
- Equity Services Inc., Registered Representative (2002 to 2006)
- New England Securities, Registered Representative (1998 to 2002)
- AIG Equity Sales Corp., Registered Representative (1996 to 1998)

Examinations and Professional Designations

Accredited Investment Fiduciary® (2007); FINRA Series 24 (2010); FINRA Series 7 (2010); FINRA Series 65 (2010); FINRA Series 63 (1997); FINRA Series 6 (1997); Variable Contracts (1996); Life, Health, Accident Insurance (1996); Administrative Services Manager (1996)

Disciplinary Information *None***Other Business Activities**

- Partner, Corporate Plan Administrators, Inc. (d/b/a Fiduciary Firewall Consulting), a fiduciary risk management consulting firm and licensed Third Party Administrator.
- Partner, Cygnet Institute for Personal Financial Literacy, an education and training company that develops curriculum and conducts educational workshops for a fee.
- Insurance Agent, Cygnet Financial Planning, Inc.

Additional Compensation

Mr Lakkides receives compensation for his work with these other business activities.

Supervision

Brian Lakkides is supervised by Ted Lakkides, Principal. He reviews Brian's work through frequent office interactions as well as remote interactions. He also reviews Brian's activities through our client relationship management system.

Supervisor's contact information:
(248) 673-2900 or TedL@FinancialFreedomHouse.com

Arbitration Claims *None***Self-Regulatory Organization or Administrative Proceeding** *None***Bankruptcy Petition** *None*

James Denny, AIF®

Born May 24, 1949

Educational Background

- Graduated Washington & Jefferson College, 1971 with a Bachelor of Arts degree with a major in Economics.

Business Experience

- Caer, LLC, Managing Partner, (2003 to present)
- Cygnet Financial Planning, Inc., Financial Planner and Investment Advisor Representative (2003 to present)
- New England Financial, Registered Representative and Insurance Agent (2000 to 2003)
- J. Denny Consulting., Principal and International Consultant (1994 to 2000)
- PNC International Bank, Senior Vice President (1981 to 1994)

Examinations and Professional Designations

Accredited Investment Fiduciary® (2006); FINRA Series 7 (2001); FINRA Series 66 (2008); FINRA Series 63 (2000); FINRA Series 6 (2000); Variable Contracts (2000); Life, Health, Accident Insurance (2000)

Disciplinary Information *None***Other Business Activities**

- Managing Partner, Cygnet Strategies Financial Literacy, LLC, an financial education and training organization.
- Insurance agent

Additional Compensation

Mr Denny is compensated for his work with these other business activities.

Supervision

James Denny is supervised by Ted Lakkides, Principal. He reviews Jim's work through periodic office visits, teleconference as well as remote interactions.

Supervisor's contact information:
(248) 673-2900 or TedL@FinancialFreedomHouse.com

Arbitration Claims *None***Self-Regulatory Organization or Administrative Proceeding** *None***Bankruptcy Petition**

- Chapter 7, Action Date 10/8/2009. Discharged 3/23/2010.

Samantha Ledbetter, MBA

Born June 23, 1985

Educational Background

- Graduated University of North Florida, April 2010 with a Masters of Business Administration with a concentration in Finance.
- Graduated University of North Florida, December 2007, with a Bachelor of Health Administration.

Business Experience

- Cygnet Financial Planning, Inc., Financial Planner and Investment Advisor Representative (2010 to present)
- Merrill Lynch, Plan Participant Service Representative (2008 to 2009)
- First Professionals Insurance Company, Underwriting Intern (2007)

Examinations and Professional Designations

FINRA Series 7 (2008); FINRA Series 66 (2008); Life, Health, Accident Insurance (2010)

Disciplinary Information *None*

Other Business Activities

- Insurance Agent, Cygnet Financial Planning, Inc.

Additional Compensation *None*

Supervision

Samantha Ledbetter is supervised by Ted Lakkides, Principal. He reviews Samantha's work through frequent office interactions as well as remote interactions. He also reviews Samantha's activities through our client relationship management system.

Supervisor's contact information:
(248) 673-2900 or TedL@FinancialFreedomHouse.com

Arbitration Claims *None*

Self-Regulatory Organization or Administrative Proceeding *None*

Bankruptcy Petition *None*

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