

Part 2A of Form ADV: *Firm Brochure*

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12/31/2011

This brochure provides information about the qualifications and business practices of Godsey & Gibb Associates. If you have any questions about the contents of this brochure, please contact us at 804 285-7333 or fgibb@godseyandgibb.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 Godsey & Gibb Associates also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105650.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 12/31/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform our clients of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that our clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide our clients with other interim disclosures about material changes as necessary.

Material Changes

There are no material changes to the previous Firm Brochure dated 12/31/2010.

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Item 4 Advisory Business

Godsey & Gibb, Inc. is a SEC-registered investment adviser with its principal place of business located in Virginia. Godsey & Gibb, Inc. began conducting business in 1985.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Frank Bowers Gibb III, President 60%
- Ephraim Ulmer, Vice President 40%

Godsey & Gibb Associates offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e. capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers ADR
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposit

- Municipal securities
- Mutual fund shares
- United States Government and Agency securities
- Options contracts on securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability.

FINANCIAL PLANNING

Godsey & Gibb may provide financial planning advice to clients, in order to prepare them for current and future needs. This includes retirement and educational expense planning, as well as review of the strategies the client has in place to preserve their wealth. The fee for this service is \$1,500. Godsey & Gibb reserves the right to negotiate this fee on a client-by-client basis. The financial planning service does not include the sale of products.

AMOUNT OF MANAGED ASSETS

As of 12/31/2011, we are actively managing \$487,604,544 of clients' assets on a discretionary basis plus \$32,364,678 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and are as follows:

First \$1,000,000 @ 1.00%

Next \$1,000,000 @ 0.75%

All Over \$2,000,000 @ 0.50%

There is a minimum annual fee of \$5,000.

A minimum of \$500,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Godsey & Gibb Associates may

group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Negotiability of Advisory Fees: Although Godsey & Gibb Associates has established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances, and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Fees will be charged quarterly at the end of each quarter in which services are rendered, or in advance, as negotiated with each client. The client has the option of either having the advisory fees billed directly to the client or for the fees to be deducted from the client's account.

GENERAL INFORMATION

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Godsey & Gibb Associates' minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party and for any reason. Upon termination of an account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro-rate the reimbursement according to the number of days remaining in the billing period.

ERISA Accounts: Godsey & Gibb Associates is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Godsey & Gibb Associates may only charge fees for investment advice for which our firm and our related persons do not receive any commissions or 12b-1 fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees more than three months in advance of services rendered.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with

which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Mutual Fund Fees: All fees paid to Godsey & Gibb Associates for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage, and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Advisory Services and Fees Related to Managed Account Platforms at Charles Schwab & Co., Inc.

If appropriate, Godsey & Gibb may recommend that a client open a separately managed account in one of the following platforms at Charles Schwab & Co., Inc. ("Schwab"):

Schwab's Managed Account Select Program ("Select")
Schwab's Managed Account Access Program ("Access")
Schwab's Managed Account Marketplace ("Marketplace")

Under each platform, Godsey & Gibb works with a client to determine whether to place a portion or all of a client's assets in a platform and, if so, to work together to choose the appropriate platform. Select and Access are managed account programs that include brokerage, custody, and separate account manager ("SAM") services for a bundled fee. These programs are also known as wrap fee programs. Marketplace offers unbundled account services where the client is charged separately by Schwab for the SAM's fees as well as for Schwab's brokerage services. Under all three platforms, Godsey & Gibb's fees are charged separately and in addition to any fees charged by Schwab or, in the case of Marketplace, the SAM. Subject to any investment restrictions imposed by Godsey & Gibb

and the client, the SAM's selected under these platforms will have discretion to determine the securities to purchase and sell within the client's account. Schwab does not have discretionary authority over assets in a platform.

Select and Access offer access to various SAMs without Godsey & Gibb or the client having to negotiate contracts, fees and minimum account sizes with the SAM. The account minimums under Select and Access are typically lower than if Godsey & Gibb engaged a SAM directly. In general, access to SAMs under Select and Access is offered at the following minimum account levels (although some managers may have higher minimums):

\$100,000 for Equity Managers

\$250,000 for Fixed Income Managers

Select

Under Select, Godsey & Gibb and the client choose one or more SAMs that have been selected for the program by Schwab, but who are not affiliated with Schwab. Each SAM is pre-screened by Charles Schwab Investment Advisory, Inc. ("CSIA"), to analyze, among other things, the investment strategy and performance of the SAMs. CSIA makes recommendations to Schwab as to which SAMs to include in or remove from Select, and the Schwab committee retains the ultimate authority to make those decisions.

Under this program, clients are provided a choice of pre-screened SAMs across various investment styles. The program bundles the SAMs' fees, CSIA's research, and Schwab's brokerage, custodial and client reporting for a bundled fee. Godsey & Gibb's advisory fee is charged separately.

Access

Unlike Select, Access offers SAMs that are affiliated with Schwab, such as Charles Schwab Investment Management, Inc. and National Association, as well as SAMs that are not affiliated with Schwab. A client will pay a bundled fee for the advisory services of the SAMs selected under the program as well as for Schwab's brokerage, custodial, and client reporting services. Godsey & Gibb's fee will be charged separately. Unlike Select, CSIA plays no role in Access, and neither CSIA nor Schwab screens the SAMs that are in Access. There is no assurance that the SAMs participating in Access would be selected to participate in Select if they were subject to CSIA's screening process.

For both Select and Access, the client will enter into an agreement with Schwab for the bundled fee. Schwab will deduct the bundled fee, which includes the SAM's fee, directly from the client's account with Schwab. Godsey & Gibb's fee will also be deducted directly from the client's account. Under these platforms, Schwab has the authority to select the SAMs that participate in the platforms and terminate their participation, but Schwab does not have the authority to hire and fire SAMs for individual client accounts. If a SAM is terminated from Select or Access, Godsey & Gibb may have the option of keeping existing clients under the management of that SAM. Clients should carefully review the Schwab Managed Account Services for Clients of Investment Advisors brochure for important and specific program details, including a detailed description of the fees under the programs.

Marketplace

Under Marketplace, Godsey & Gibb and the client choose one or more SAMs that are not affiliated with Schwab and that have not been pre-screened by a consultant or Schwab. Marketplace allows Godsey & Gibb to choose from hundreds of SAMs, whereas Select and Access offer a smaller number of SAMs. Marketplace does not include a bundled fee. Schwab's brokerage and custodian fees are charged separately from the SAM's fee and Godsey & Gibb's fee. Under Marketplace, Godsey & Gibb enters into a separate agreement for each SAM hired by Godsey & Gibb to manage a client's account. Godsey & Gibb and the SAM's fees may or may not be debited directly from a client's account.

Marketplace is substantially different from Select and Access. Schwab is acting only as broker/custodian for Marketplace and not as sponsor of a discretionary investment program. Schwab is not involved in the fee or contract negotiations with the SAMs.

Under Marketplace, Schwab's brokerage services may be paid for in one of two ways: (i) a percentage of the assets in the client's Marketplace account (known as "asset-based pricing"), or (ii) on a commission basis, where each transaction is charged a commission. Godsey & Gibb will provide clients with information regarding each form of pricing and will consult with each client to determine which form of pricing is appropriate for the client. If the client elects asset-based pricing, Godsey & Gibb will monitor on an ongoing basis whether that form of pricing continues to remain appropriate for that client.

Schwab does not provide any research or other recommendations on SAMs available in Marketplace. Some of the SAMs available in Marketplace or Access may also be available in Select, in which case CSIA's research for the Select program may be helpful in evaluating those SAMs.

It is possible for a client in Marketplace to receive a SAM's investment management services and Schwab's brokerage services for a lower overall cost than the bundled fees charged in the Select and Access programs. The bundled fees charged for Select and Access are typically higher than the unbundled fees charged in Marketplace because of the additional infrastructure and services provided by Schwab for the wrap fee programs and, in the case of Select, the services provided by CSIA.

Godsey & Gibb will provide quarterly reporting. Schwab provides enhanced performance reporting for Select and Access accounts but only regular client statements for Marketplace accounts.

Godsey & Gibb's advisory fees with respect to separately managed accounts are as follows:

Annual Fees

0.75% on the first \$2,000,000

0.50% above \$2,000,000

Godsey & Gibb's advisory fee is billed quarterly and is separate from and in addition to the bundled or unbundled fees charged by Schwab or a SAM, as described above. The total fees paid by a client include the fee negotiated with Godsey & Gibb, the fees or commissions charged by Schwab, and in the case of Marketplace, any SAM fees. Under Select and Access, the bundled fee includes Schwab brokerage costs (clients are not subject to commission costs over and above the program fee unless the SAM uses another broker to

effect transactions). Please reference the Schwab Managed Account Services for Clients of Investment Advisors brochure for the Select and Access program details on bundled fees charged by Schwab. Godsey & Gibb will provide clients with information regarding Schwab's fees for its brokerage services with respect to Marketplace accounts.

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

Godsey & Gibb Associates does not charge performance-based fees.

Item 7 Types of Clients

Godsey & Gibb Associates provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- Banks or thrift institutions.

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be a good time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a

potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Option writing. We may use options as an investment strategy in "special situations". This usually occurs where a client's account holds a substantial position in a stock with a low cost basis. We will write a covered call to produce additional cash flow and to establish a price at which the stock will be "sold".

Risk of Loss. Securities investments are not guaranteed and may lose value. We work with

each client to establish his/her risk tolerance and appropriate investment strategy.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Personnel of our firm, in their individual capacities, are agents for G&G Insurance Services, Inc. As such, these individuals are able to receive separate, yet customary, commission compensation resulting from insurance policy purchases on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Godsey & Gibb, Inc. ("Godsey & Gibb") has a related party arrangement with G&G Insurance Services, Inc. ("G&G Insurance Services"). During Godsey & Gibb's investment analysis and financial planning/risk analysis it may be determined that a client has a need for insurance coverage (long term care, term, or second-to-die insurance). The client may be referred to G&G Insurance Services to evaluate and make recommendations for specific needs. While G&G Insurance Services is not owned by Godsey & Gibb, there is common ownership.

<u>Related Person</u>	<u>G&G Insurance Services</u>
Frank B. Gibb, III	70%
Ephraim Ulmer	10%
Dan L. Savage	10%
Michael E. Kelly	10%

Godsey & Gibb Inc. ("Godsey & Gibb") has a related party arrangement with G&G Accounting Services, Inc. ("G&G Accounting Services"). During their relationship with Godsey & Gibb, certain clients may express an interest in tax preparation or accounting services. The client may be referred to G&G Accounting Services to evaluate and make recommendations for specific needs. While G&G Accounting Services is not owned by Godsey & Gibb, there is common ownership.

Related Person

G&G Accounting Services

Frank B. Gibb, III

100%

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to fgibb@godseyandgibb.com, or by calling us at 804 285-7333.

Godsey & Gibb Associates and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our code also provides for oversight, enforcement, and record keeping provisions.

Godsey & Gibb Associates' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

As a fiduciary, Godsey & Gibb must serve in its clients' best interests. In other words, Godsey & Gibb's Employees may not benefit at the expense of advisory clients. This concept is particularly relevant when employees are making personal investments in securities traded by advisory clients.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients, and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

Godsey & Gibb Associates and individuals associated with our firm are prohibited from engaging in cross-agency transactions.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is influenced by information received as a result of his/her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a trading program being implemented for advisory accounts. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
5. We have established procedures for the maintenance of all required books and records.
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
8. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
9. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as insurance agents of G&G Insurance Services, Inc. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

Godsey & Gibb Associates does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

For discretionary relationships, Godsey & Gibb Associates requires clients to provide written authority to determine the broker-dealer and the commission costs that will be charged for

transactions. A client may direct in writing for his/her account be to executed through a broker of his choice.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

The applicant may at times aggregate trades for several accounts. This procedure may result in a lower commission charged per share. In addition, it ensures that all accounts in a block get the same executed price. Where a client directs executions to a broker of his/her choice, the client negotiates commission rates. In cases where the client directs Godsey & Gibb to use a specific broker, we will not negotiate commission rates on behalf of the client. In these instances the commissions paid for trades may be higher than those paid by clients for similar trades. Furthermore, we may not be in a position to block trades and obtain volume discounts and/or best execution. No client or account will be favored over another.

Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Godsey & Gibb Associates, or our firm's order allocation policy.

Godsey & Gibb Associates will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block; subject to certain pricing policies at each custodian.

The securities trader receives transaction orders during the day for client accounts for various custodians. The trader, after aggregating the trades, will select the custodian to begin trading on an alphabetical basis and execute trades sequentially. When possible, each trading day will begin with the trades for the next custodian (alphabetically), until the completion of a trading program.

Charles Schwab & Co., Inc. ("Schwab")

Godsey & Gibb Associates may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), an FINRA registered broker-dealer and member of SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Godsey & Gibb Associates is independently owned and operated and not affiliated with Schwab.

Schwab provides Godsey & Gibb Associates with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would

require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Godsey & Gibb Associates but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of our fees from clients' accounts
- assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Godsey & Gibb Associates. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

TD Ameritrade, Inc.

Godsey & Gibb Associates may recommend that clients establish brokerage accounts with TD Ameritrade, Inc., a FINRA registered broker-dealer and member of SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at TD Ameritrade, it is the client's decision to custody assets with TD Ameritrade. Godsey & Gibb Associates is independently owned and operated and not affiliated with TD Ameritrade.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, or the political and economic environment.

These accounts are reviewed by:

Frank B. Gibb, III, Principal	Approximately 300 accounts
Ephraim Ulmer, Principal	Approximately 200 accounts
William E. Garrison, III, Portfolio Manager	Approximately 370 accounts
Dan L. Savage, Managing Director	Approximately 110 accounts

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances, and holdings.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm
- the fact that the Solicitor is being paid a referral fee
- the amount of the fee
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Godsey & Gibb Associates' policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Godsey & Gibb receives client referrals from Charles Schwab & Co., Inc. ("Schwab") and SigFig.

Charles Schwab & Co., Inc. (Schwab)

Godsey & Gibb receives client referrals from Schwab through Godsey & Gibb's participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Godsey & Gibb and its employees. Godsey & Gibb and its employees are not employees or agents of Schwab. Schwab has pre screened Godsey & Gibb and checked its experience and credentials against criteria that Schwab sets. Schwab does not supervise Godsey & Gibb and has no responsibility for Godsey & Gibb's management of clients' portfolios or Godsey & Gibb's other advice services. Schwab does not prepare, verify, or endorse information distributed by Godsey & Gibb. Investors must decide whether to hire Godsey & Gibb and what authority to give it. Investors, not Schwab, are responsible for monitoring and evaluating Godsey & Gibb's service, performance, and account transactions. Godsey & Gibb pays Schwab fees to receive client referrals through the Service. Godsey & Gibb's participation in the Service may raise potential conflicts of interest described below.

Godsey & Gibb pays Schwab Participation Fees on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. Participation Fees are a percentage of the value of the assets in the client's account. Godsey & Gibb pays Schwab Participation Fees for so long as the referred client's account remains in custody at Schwab. Participation Fees are billed to Godsey & Gibb quarterly and may be increased, decreased, or waived by Schwab from time to time. Participation Fees are paid by Godsey & Gibb and not by the client. Godsey & Gibb does not charge clients referred through the Service fees or costs greater than the fees or costs Godsey & Gibb charges clients with similar portfolios who were not referred through the Service.

Godsey & Gibb generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred, from Schwab.

The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Godsey & Gibb generally would pay in a single year. Thus, Godsey & Gibb will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Godsey & Gibb's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Godsey & Gibb will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Godsey & Gibb's fees directly from the accounts.

For accounts of Godsey & Gibb's clients maintained in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades Schwab executes for the client's account. Clients also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees, and for municipal bonds there is a processing fee of \$25 per bond trade. Thus, Godsey & Gibb may have an incentive to execute trades through Schwab rather than another broker-dealer. Godsey & Gibb nevertheless, acknowledges its duty to seek the best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Godsey & Gibb's other clients. Thus, trades for accounts for which Schwab serves as custodian may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

SigFig

This statement sets forth the basic relationship between Godsey & Gibb and SigFig ("The Consultant"). Godsey & Gibb compensates the Consultant for referring and servicing accounts managed by Godsey & Gibb. This arrangement does not in any way increase the contracted fee charged to the Referred Client by Godsey & Gibb for its Services. Godsey & Gibb will pay the Consultant a fee equal to 20% of the fees collected from Referred Clients for services provided by Godsey & Gibb. In no event will the Referred Client be charged any fees in excess of those normally paid for Godsey & Gibb services. No separate fees will be charged to the Referred Client by the Consultant for these Services.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

Proxy Notice

Frank B. Gibb, III is the Proxy Administrator for Godsey & Gibb Associates ("Godsey & Gibb") and is charged with identifying the proxies upon which we will vote, voting the proxies in the best interest of clients, and submitting the proxies promptly and properly.

Godsey & Gibb's policy is to vote proxies in the interest of maximizing shareholder value. To that end, Godsey & Gibb will vote in a way that believes to be best considering both the short- and long-term implications of the proposal to be voted on.

Currently, Godsey & Gibb has identified no conflicts of interest between our clients' interests and our own within our proxy voting process, and does not anticipate that there will be any. Nevertheless, if it is determined that Godsey & Gibb or Frank B. Gibb, III is facing a material conflict of interest in voting the proxy, our procedures provide for a Proxy Voting Committee to convene and to determine the appropriate vote. Decisions of the Committee must be unanimous. If the Committee cannot reach a unanimous decision, a competent third party will be engaged, at our expense, which will determine the vote that will maximize shareholder

value. As an added protection, the third party's decision is binding.

To obtain a copy of our complete proxy voting policies and procedures, clients may contact Frank B. Gibb, III by telephone, email, or in writing and we will promptly provide such information. If however, a client wishes to review information on how proxies for his/her shares were voted, a request in writing is required.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees more than three months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Godsey & Gibb Associates has no additional financial circumstances to report.

Godsey & Gibb Associates has not been the subject of a bankruptcy petition at any time.