

Part 2A of Form ADV: *Firm Brochure*

KINNAMON & ASSOCIATES, LTD. II

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2/2/2012

This brochure provides information about the qualifications and business practices of KINNAMON & ASSOCIATES, LTD. II. If you have any questions about the contents of this brochure, please contact us at 847-381-1053 or KAS1@AMERITECH.NET. 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 KINNAMON & ASSOCIATES, LTD. II 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 106701.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 12/6/2011, 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 not 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 you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you 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 you with other interim disclosures about material changes as necessary.

As of 2/2/2012 We have begun the process of changing Registration from A Federally Registered Adviser with the S.E.C. to a State Registered Adviser, therefore you will see the addition of Item 19.

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Item 4 Advisory Business

KINNAMON & ASSOCIATES, LTD. II is a SEC-registered investment adviser with its principal place of business located in ILLINOIS. KINNAMON & ASSOCIATES, LTD. II began conducting business in 1990.

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

- BRET SCOTT KINNAMON

KINNAMON & ASSOCIATES, LTD. II offers the following advisory services to our clients:

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides non-continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We 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 may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum 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.

Once the client's portfolio has been established, we review the portfolio monthly, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Variable life insurance
- Variable annuities
- Mutual fund shares

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

PENSION CONSULTING SERVICES

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

Investment Policy Statement Preparation (hereinafter referred to as "IPS"):

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

Selection of Investment Vehicles:

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

Monitoring of Investment Performance:

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

Employee Communications:

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

FINANCIAL PLANNING

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the

entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

- Exchange-listed securities

- Variable life insurance
- Variable annuities
- Mutual fund shares

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

AMOUNT OF MANAGED ASSETS

As of 10/31/2011, we were actively managing \$58,119,529 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

The annualized fee for Portfolio Management Services will be charged as a fixed fee, negotiated on a case-by-case basis. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances.

KINNAMON & ASSOCIATES, LTD. II's fixed fees range from 0.5% to 1.0% of Managed Assets.

Clients will be invoiced in arrears at the end of each calendar quarter based on the pre agreed fixed fee.

Limited Negotiability of Advisory Fees: Although KINNAMON & ASSOCIATES, LTD. II has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be 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, reports, among other factors.

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

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

PENSION CONSULTING FEES

We charge an annual fee for Pension Consulting Services which ranges from 0.5% to 1.0% of plan assets depending on the services requested and the size of the plan.

FINANCIAL PLANNING FEES

KINNAMON & ASSOCIATES, LTD. II's Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on an hourly basis, ranging from \$125 to \$200 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

Our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$500. to \$2,500., depending on the specific arrangement reached with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the plan.

Fees Offset By Commissions: If a Financial Planning client executes recommended securities transactions through associated persons of our firm in their separate capacities as registered representatives of a broker dealer, these individuals will earn commissions which are separate and distinct from fees charged for advisory services. In some instances, depending on the size of the transaction, advisory fees will be discounted, at our discretion, for commissions earned. Commissions will not be credited towards future advisory fees.

The client will be billed quarterly in arrears based on actual hours accrued.

The client will be billed quarterly in arrears based on actual hours accrued.

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients 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. Our Stock trades commission schedule is as follows:

<u>Purchase Price(Amt)</u>	<u>Commission Formula</u>
0 - \$15000	$((\text{Amt} * 2\%) + \$50) * 80\%$
15,000 - \$35,000	$((\text{Amt} * 1.5\%) + \$50) * 80\%$
> \$35,000	$(\text{Amt} * 1.0\%) * 80\%$

Exceptions: If the stock purchase involves greater than 2000 shares, there is an extra .02-cent per share charge; on Penny stock purchases, defined as less than \$2.00 per share cost, the

commission will be calculated using Genworth's commission schedule.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any 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.

Mutual Fund Fees: All fees paid to KINNAMON & ASSOCIATES, LTD. II for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs 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.

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.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to KINNAMON & ASSOCIATES, LTD. II's 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.

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 in excess of \$1200 more than six months in advance of services rendered. As state-registered advisers are subject to the rules and regulations of their home state (i.e., the state in which the firm maintains its principal place of business) these firms should review home state requirements which may limit prepayment of fees in excess of \$500.

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

Furthermore, as we do not have clients pay performance-based fees, we have no incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts.

KINNAMON & ASSOCIATES, LTD. II does not charge performance-based fees.

Item 7 Types of Clients

KINNAMON & ASSOCIATES, LTD. II 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)
- Corporations or other businesses not listed above

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 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.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing

to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

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 advantages 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.

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

Our firm and our related persons are not engaged in other financial industry activities and

have no other industry affiliations.

Management personnel of our firm are also partners in the accounting firm of Kinnamon Accounting Service, where they are individually licensed and practicing Enrolled Agents providing accounting services for separate and typical compensation. KINNAMON ACCOUNTING SERVICE typically recommends KINNAMON & ASSOCIATES, LTD. II to accounting clients in need of advisory services. Conversely, KINNAMON & ASSOCIATES, LTD. II typically recommends Kinnamon Accounting Service to advisory clients in need of accounting services. Accounting services provided by KINNAMON ACCOUNTING SERVICE are separate and distinct from our advisory services, and are provided for separate and typical compensation. There are no referral fee arrangements between our firms for these recommendations. No KINNAMON & ASSOCIATES, LTD. II client is obligated to use KINNAMON ACCOUNTING SERVICE for any accounting services and conversely, no accounting client is obligated to use the advisory services provided by us. KINNAMON ACCOUNTING SERVICE'S accounting services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf.

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.

KINNAMON & ASSOCIATES, LTD. II 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. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

KINNAMON & ASSOCIATES, LTD. II's 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.

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 KAS1@AMERITECH.NET, or by calling us at 847-381-1053.

KINNAMON & ASSOCIATES, LTD. II and individuals associated with our firm are prohibited

from engaging in principal transactions.

KINNAMON & ASSOCIATES, LTD. II and individuals associated with our firm are prohibited from engaging in agency cross transactions.

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 or different from 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.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

Item 12 Brokerage Practices

KINNAMON & ASSOCIATES, LTD. II requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to our clients for these transactions.

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.

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct KINNAMON & ASSOCIATES, LTD. II as to the broker-dealer to be used.

KINNAMON & ASSOCIATES, LTD. II required that clients direct us to place trades through Genworth Financial Securities Corp ("BROKER"). KINNAMON & ASSOCIATES, LTD. II has evaluated BROKER and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than BROKER if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of BROKER, it should be understood that KINNAMON & ASSOCIATES, LTD. II will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may

direct the use of another broker).

Clients should note, while KINNAMON & ASSOCIATES, LTD. II has a reasonable belief that BROKER is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several brokers (including, but not limited to Genworth Financial Securities Corp), provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these brokers before opening an account. The factors considered by KINNAMON & ASSOCIATES, LTD. II when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

As a matter of policy and practice, KINNAMON & ASSOCIATES, LTD. II does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed monthly. 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, or the market, political or economic environment.

These accounts are reviewed by: Bret S. Kinnamon and/or Leigh P. Kinnamon

REPORTS: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, KINNAMON & ASSOCIATES, LTD. II will provide quarterly AXYS reports summarizing account performance, balances and holdings.

PENSION CONSULTING SERVICES

REVIEWS: KINNAMON & ASSOCIATES, LTD. II will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. KINNAMON & ASSOCIATES, LTD. II will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by: Bret s. Kinnamon and/or Leigh P. Kinnamon

REPORTS: These client accounts will receive reports as contracted for at the inception of the advisory relationship.

FINANCIAL PLANNING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically meetings ever six months will be conducted for Financial Planning clients unless otherwise contracted for.

REPORTS: Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

Item 14 Client Referrals and Other Compensation

It is KINNAMON & ASSOCIATES, LTD. II's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is KINNAMON & ASSOCIATES, LTD. II's 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.

Item 15 Custody

Our firm does not have actual or constructive custody of client accounts.

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; and/or
- 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.

As previously disclosed in Item 4 of this brochure, our firm does not provide discretionary

asset management services.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

Item 18 Financial Information

KINNAMON & ASSOCIATES, LTD. II has no additional no financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

KINNAMON & ASSOCIATES, LTD. II has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 State Registered Advisers

KINNAMON & ASSOCIATES, LTD II has become a state registered investment advisor with the state of ILLINOIS as of 2012.

Bret S. Kinnamon and Leigh P. Kinnamon are also employees of Kinnamon & Associates LTD, dba Kinnamon Accounting Service. Bret S. Kinnamon devotes approx. 20% of his time, and Leigh P. Kinnamon 2% of his time to the Accounting business.

Following is a list of principal persons, their education and business background:

Bret S. Kinnamon:

Northern Illinois University, Bachelor in Geology 1991
Kinnamon Accounting Service, Jan 1994 to Current
Insurance Producer, Illinois, 1994
Series 63, Securities State Law Exam, 1996
Series 7, General Securities Exam, 1996
Series 65, Investment Advisor Exam, 1998
Unrolled Agent, IRS Exam, 2000

Leigh P. Kinnamon:

Lawrence University, Bachelor in Economics 1964
Kinnamon Accounting Service, June 1964 to Current
Insurance Producer, Illinois, 1989
Series 63, Securities State Law Exam, 1990
Series 7, General Securities Exam, 1989
Unrolled Agent, IRS Exam, 1970

Kinnamon & Associates, LTD II does not charge performance based fees.

Kinnamon & Associates, LTD II and it's principals have not been involved in an arbitration cases or civil proceedings where judgement was found against us, also neither Bret S. Kinnamon or Leigh P. Kinnamon have filed a petition for bankruptcy.

Kinnamon & Associates, LTD II and it's principals do not have any relationships or arrangements with any issuer of securities.

END OF REPORT