

**ITEM 1. COVER PAGE FOR  
PART 2A OF FORM ADV:  
FIRM BROCHURE  
DATED 02/8/2012**

**FIRM NAME: KIPP FINANCIAL GROUP, INC.  
950 COUNTY SQUARE DRIVE  
SUITE 211, VENTURA, CA 93003**

**FIRM CONTACT: STEPHEN J. KIPP, CHIEF COMPLIANCE OFFICER**

**FIRM WEBSITE ADDRESSES: [WWW.KIPPBRANTDRUMMOND.COM](http://WWW.KIPPBRANTDRUMMOND.COM) AND  
[WWW.KIPPFINANCIALGROUP.COM](http://WWW.KIPPFINANCIALGROUP.COM)**

**This brochure provides information about the qualifications and business practices of Kipp Financial Group. If you have any questions about the contents of this brochure, please contact by telephone at 805-650-7654 or email at [Stephen.Kipp@npbfg.com](mailto:Stephen.Kipp@npbfg.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 Kipp Financial Group also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) .**

**Please note that the use of the term “registered investment adviser” and description of Kipp Financial Group and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.**

**ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF FORM ADV:**  
**FIRM BROCHURE**

**Kipp Financial Group** is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure. At this time, there are no material changes to report about our Brochure.

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#### **Item 4. Advisory Business**

We specialize in the following types of services: comprehensive portfolio management, financial planning and consulting, pension consulting, referrals to third party money managers. Our assets under management are \$108,441,045 as of 02/08/2012.

A. Description of our advisory firm, including how long we have been in business and our principal owner(s)<sup>1</sup>.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed in the State of California. Our firm has been in business as an investment adviser since 1999 and is wholly owned by the Stephen and Lynn Kipp Family Trust DTD 1/19/01.

B. Description of the types of advisory services we offer.

(i) Asset Management:

**Portfolio Navigator:**

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

We may utilize Independent Money Managers, where we may design an investment portfolio and provide ongoing corresponding asset management services on a fee-only basis for a percentage of assets in conjunction with another investment advisory firm. Before selecting other advisers, we make sure that the other advisers are properly licensed or registered.

(ii) Financial Planning and Consulting:

**Strategic Wealth Planner:**

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<sup>1</sup> Please note that: (1) For purposes of this item, our principal owners include the *persons* we list as owning 25% or more of our firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If we are a publicly held company without a 25% shareholder, we simply need to disclose that we are publicly held. (3) If an individual or company owns 25% or more of our firm through subsidiaries, we must identify the individual or parent company and intermediate subsidiaries. If we are a state-registered adviser, on Form ADV Part 2A Page 2, we must identify

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives in our Strategic Wealth Planner service. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning may encompass one or more of the following areas: cash management, risk management (insurance), taxes, investments, estate plan, retirement plan, college funding, and/or mortgage refinancing.

Our written financial plans rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. We provide our clients with a written summary of their financial situation, observations, and recommendations. Plans are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

#### **Business Advantage:**

Similarly we provide a variety of financial planning and consulting services to businesses regarding the management of their financial resources based upon an analysis of a business' current situation, goals, and objectives in our Business Advantage service. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning may encompass one or more of the following areas: cash management, tax and estate planning, fringe benefit analysis, risk management, qualified plan assessment, legacy and succession planning, planned giving, capital formation, business development, written business plan.

Our written financial plans rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. As with the Strategic Wealth Planner service it should be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. We provide our clients with a written summary of their financial situation, observations, and recommendations. Plans are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

### **Care Free Solutions:**

As an active and on-going service throughout the year we also provide with supervision and implementation of either their Strategic Wealth Planner or Business Advantage plan. Client will have a semi-annual review meeting. Advisory status reports as applicable will be provided during the year. The scope of services and involvement of our staff will be specified and attached to the Investment Advisory Agreement. Areas of follow through may include unique solutions such as banking/bill paying, elder care needs, major purchases or sales of real and personal property, and other special needs.

#### **(iii) Referrals to Third Party Money Managers:**

We provide clients with a list of investment advisory services of third party professional portfolio management firms for the individual management of client accounts. As part of this process, we assist clients in identifying an appropriate third party money manager. We provide initial due diligence on third party money managers and ongoing reviews of their management of your account.

In order to assist clients in the selection of a third party money manager, we typically gather information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that we do not offer advice on any specific securities or other investments in connection with this service.

We periodically review third party money managers' reports provided to the client, but no less often than on a quarterly basis. Our associates contact the clients at least semi-annually, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client should directly contact our firm in regards to accounts managed by third manager managers.

#### **C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of *clients*, whether *clients* may impose restrictions on investing in certain securities or types of securities.**

##### **(i) Individual Tailoring of Advice to Clients:**

We offer individualized investment advice to clients utilizing the following Portfolio Navigator services. Additionally, we offer general investment advice to clients utilizing our Strategic Wealth Planner, Carefree Solutions and Business Advantage services.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

Clients are allowed to make reasonable restrictions which would be limited to Portfolio Navigator accounts.

D. Participation in wrap fee programs.

We do not offer wrap fee programs.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis as of 02/01/2011

We manage<sup>2</sup> \$0 on a discretionary basis and \$108,441,045 on a non discretionary basis as of 02/08/2012.

## **Item 5. Fees and Compensation**

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable.

A. Description of how we are compensated for our advisory services provided to you.

(i) Asset Management:

<u>Assets under management</u>	<u>Annual Percentage of assets charge*:</u>
0 - 249,999	1.50%
Next 250,000 - 499,999	1.25%
Next 500,000 - 999,999	1.00%

<sup>2</sup> Please note that our method for computing the amount of “client assets we manage” can be different from the method for computing “assets under management” required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute “client assets we manage,” we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our “as of” date must not be more than three months before the date we last updated our Brochure in response to Item 4.E of Form ADV Part 2A.

Next 1,000,000 - 1,999,999	0.75%
Next 2,000,000 - 4,999,999	0.50%
Next 5,000,000 +	negotiable

\*Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

(ii) Financial Planning and Consulting:

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are \$300 for Principal Wealth Advisor \$250 for Wealth Advisor (associates) \$150 for Client Service Managers (ops/support staff).

(iii) Referrals to Third Party Money Managers:

We are paid by third party money managers when we refer you to them and you decide to open a managed account. Third party money managers pay us a portion of the investment advisory fee that they charge you for managing your account. Fees paid to us by third party money manager are generally ongoing. All fees we receive from third party money managers and the written separate disclosures made to you regarding these fees comply with applicable state statutes and rules. The separate written disclosures you need to be provided with include a copy of the third party money manager's Form ADV Part 2, all relevant Brochures, a Solicitation Disclosure Statement detailing the exact fees we are paid and a copy of the third party money manager's privacy policy. The third party money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them.

B. Description of whether we deduct fees from *clients'* assets or bill *clients* for fees incurred.

(i) Asset Management:

We do not deduct advisory fees from our client accounts. We are paid from fees deducted by Third Party Money Managers.

(ii) Financial Planning and Consulting:

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

(iii) Referrals to third party money managers:



Third party money managers establish and maintain their own separate billing processes which we have no control over. In general, they will directly bill you and describe how this works in their separate written disclosure documents.

C. Description of any other types of fees or expenses *clients* may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

D. We must disclose if client's advisory fees are due quarterly in advance. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

We charge our advisory fees semi-annually in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

E. Commissionable securities sales.

We sell securities for a commission. In order to sell securities for a commission, our supervised persons are registered representatives of NPB Financial Group, LLC, member FINRA/SIPC and MSRB. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our *supervised persons* an incentive to recommend investment products based on the compensation received, rather than on your needs. We address commissionable sales conflicts that arise:
  - a) when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client;
  - b) when recommending commissionable mutual funds, explaining that "no-load" funds are available through our firm if the client wishes to become an investment advisory client.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

We do not charge performance fees to our clients.

## **Item 7. Types of Clients and Account Requirements**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types

Our requirements for opening and maintaining accounts or otherwise engaging us:

- **Portfolio Navigator** is designed to benefit those with a minimum of \$500,000 in portfolio assets. We may accept portfolios below the recommended minimum asset size. The maximum rate charged is 1.5%. Clients electing the fee offset approach will pay higher up front commissions. The advisory fee will be offset dollar-for-dollar by all commissions generated by securities products purchased by the client through NPB. The offset will carry forward until fully utilized.
- **Carefree Solutions** is designed for persons with needs associated with wealth planning issues, and thus fees are generally minimum \$5,000 per year (if provided as a stand-alone service).
- **Strategic Wealth Planner** and **Business Advantage** fees each are generally minimum \$1,500 per year (if provided as a stand-alone service). We may consider lower fees for each service subject to the full scope of the engagement.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

- A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

Methods of Analysis:

We utilize charting, fundamental, technical, and cyclical analysis. We also evaluate the client's investments to determine whether they harmonize with his financial objectives. We design and propose a portfolio to help him attain his financial goals, and we propose the portfolio's investments in generic terms, e.g. growth stock, municipal bonds, etc. We incorporate "Modern Portfolio Theory" (MPT) using standard deviation analysis of asset classes, which is done over time to arrive at an asset allocation mix.

We additionally go beyond the primary tenant of MPT to suggest clients further diversify their investment assets. Not just amongst different classes as MPT dictates, but across different strategic styles, or approaches (strategic, absolute return, tactical constrained, tactical unconstrained, or a combination of each). Here we make use of money management that goes beyond merely offering symmetrical exposure to the upside and downside of different markets. Approaches that incorporate hedging, alternative and uncorrelated asset classes, defensive posturing, unconstrained styles and asymmetrical returns are sought out and implemented.

Investment Strategies we use:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- By its nature, financial planning looks to the long-term. After we evaluate the client's short-term cash needs and emergency fund, we design investment and insurance strategies to help him achieve his or her financial goals. Casualty insurance (e.g. homeowners, auto, liability, etc) is reviewed only at the client's request, and would be provided by an outside casualty firm.

**Please note:**

Investing in securities involves risk of loss that *clients* should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

- D. Our practices regarding cash balances in *client* accounts, including whether we invest cash balances for temporary purposes and, if so, how.

We do not invest cash balances for clients.

**Item 9. Disciplinary Information**

We are required to disclose whether there are 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. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a *management person* has been *involved* in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the *management person's* favor, or was reversed, suspended or vacated, or (2) the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a *client's* or prospective *client's* evaluation of our firm or management.

We are required to disclose whether there are 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. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a *management person* has been *involved* in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the *management person's* favor, or was reversed, suspended or vacated, or (2) the event is not material. For purposes of calculating this ten-year period, the "date" of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a *client's* or prospective *client's* evaluation of our firm or management.

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

## **Item 10. Other Financial Industry Activities and Affiliations**

- A. Our firm or our *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. The details are as follows:

Our advisory representatives are registered representatives of broker-dealer NPB Financial Group LLC (“NPB”). Clients should note that he/she is under no obligation to purchase any securities, including mutual funds, through IARs or NPB.

- B. Description of any relationship or arrangement that is material to our advisory business or to our *clients*, that we or any of our *management persons* have with any *related person*<sup>3</sup> listed below. We are required to identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how we address it.

Our Wealth Advisors are licensed as insurance agents and as securities salespersons, and are in the business of selling insurance and securities products. The sale of these products account for approximately 30% of our time. The Investment Advisory business represents 70% of our time, which includes business consulting.

- C. If we recommend or select other investment advisers for our *clients* and we receive compensation directly or indirectly from those advisers, or we have other business relationships with those advisers, we are required to describe these practices and discuss the conflicts of interest these practices create and how we address them.

Please see Item 4B (iii) of this Brochure.

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

- A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any *client* or prospective *client* upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

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<sup>3</sup> Our Related Persons are any advisory affiliates and any person that is under common control with our firm. Advisory Affiliate: Our advisory affiliates are (1) all of our officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling or controlled by us; and (3) all of our current employees (other than employees performing only clerical, administrative, support or similar functions). Person: A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company (“LLC”), limited liability partnership (“LLP”), sole proprietorship, or other organization.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>4</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- B. If our firm or a *related person* invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a *related person* recommends to *clients*, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 11A of this Brochure. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

- C. If our firm or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for our firm's (or the *related person's* own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this brochure. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon

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<sup>4</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients.

## **Item 12. Brokerage Practices**

A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Our Wealth Advisors are also Registered Representatives with NPB Financial Group, LLC, member of the FINRA, MSRB and SIPC. Clients are free to choose any broker-dealer to implement our advice. If they choose to have us executed the investment advice we will use NPB. NPB performs "due diligence" on mutual funds, limited partnerships, and insurance policies. Only those investments that meet firm requirements will be on the NPB "approved product list" and be offered for sale to clients. NPB provides brokerage services for the Portfolio Navigator service. Pershing & Co. is the clearing firm for NPB, providing custodial services (collectively "Broker-Dealers"). However our firm doesn't have not soft dollar arrangement with Broker-Dealers. Please see Item 14A.

### **1) Directed Brokerage:**

a. If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their clients to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of client transactions, and that this practice may cost our clients more money.

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the broker-dealer used or the commission rates charged for transactions.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

b. Permissibility of client-directed brokerage.

We do not allow clients to direct brokerage.

B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various *client* accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to *clients* of not bunching.

We do not aggregate order for client accounts.

**Item 13. Review of Accounts or Financial Plans**

A. Review of *client* accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our *employees* who conduct the review.

We review accounts on at least a weekly basis for our clients subscribing to our Portfolio Navigator services. Third Party Money Management clients receive at least quarterly reviews. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Financial planning clients (Strategic Wealth Planner and Business Advantage) do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We only provide ongoing services to our Carefree Solutions clients, but are willing to meet with our other clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

B. Review of *client* accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

C. Description of the content and indication of the frequency of written or verbal regular reports we provide to *clients* regarding their accounts.

We provide written reports to clients on at least a quarterly basis. Verbal reports to clients take place on at least a semi-annual basis when we meet with clients. Portfolio Navigator clients will receive quarterly written reports with account reviews twice per year. Carefree Solution clients will receive reviews of their financial plans twice per year. Strategic Wealth Planner and Business Advantage clients will receive financial plan reviews at least annually.



## **Item 14. Client Referrals and Other Compensation**

- A. If someone who is not a *client* provides an economic benefit to our firm for providing investment advice or other advisory services to our *clients*, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

We may recommend that a client in need of brokerage and custodial services utilize Pershing LLC, among others. It may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates. Clients may utilize the broker/dealer (and clearing firm) of their choice and have no obligation to purchase or sell securities through such broker as our firm recommends.

In selecting a broker/dealer (and clearing firm), we will endeavor to select those broker/dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker/dealer (and clearing firm)'s ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. When consistent with our firm's fiduciary duty of best execution, the firm will direct trades to any of the suggested broker/dealer (and clearing firm) listed above.

Some clients may instruct us to use one or more particular broker/dealers for the transactions in their accounts. Clients who may want to direct our firm to use a particular broker/dealer (and clearing firm) should understand that this might prevent us from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent us from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities that they will obtain through their broker/dealer (and clearing firm) are adequately favorable in comparison to those that our firm would otherwise obtain for its clients.

We do receive execution and custody services from our broker dealer's clearing firm, Pershing, LLC, assisting us in managing a small percentage of our accounts. These execution and custody services are offered to all investment advisers who utilize such clearing firm. It is the reason for their relationship. The commission rate negotiated between our recommend broker dealer of choice and Pershing, LLC may be higher or lower than those available within the spectrum of clearing firms in the industry. Typically, when our firm utilizes a Pershing account, the minimum ticket charge as calculated by our broker dealer is all that is levied on the transaction(s) in question, without any additional amount added that would represent revenue to our firm.

- B. If our firm or a *related person* directly or indirectly compensates any *person* who is not our *employee* for *client* referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

### **Item 15. Custody**

- A. If we have custody of client funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) does not send account statements with respect to those funds or securities directly to our clients, we must disclose that we have custody and explain the risks that you will face because of this.

We do not have nor shall we ever have custody of client funds or securities.

- B. If we have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to our clients, we are required to explain that you will receive account statements from the broker-dealer, bank, or other qualified custodian and that you should carefully review those statements.

We do not have custody of client funds or securities. We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

### **Item 16. Investment Discretion**

If we accept discretionary authority to manage securities accounts on behalf of clients, we are required to disclose this fact and describe any limitations our clients may place on our authority. The following procedures are followed before we assume this authority:

We do not take or exercise discretion with respect to investments made on behalf of our clients.

### **Item 17. Voting Client Securities**

- A. If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

However, third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third party money manager votes proxies, 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. Therefore (except for proxies that may be voted by a third party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

### **Item 18. Financial Information**

- A. If we require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year.

- B. If we are an SEC-registered adviser and have *discretionary authority or custody of client funds or securities*, or we require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to *clients*.

We have nothing to disclose in this regard.

- C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.