

Umbaugh Cash Advisory Services, LLC
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Form ADV Part 2A, Item 1

INVESTMENT ADVISER BROCHURE FORM ADV PART 2A

Umbaugh Cash Advisory Services, LLC

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December 31, 2011

This brochure provides information about the qualifications and business practices of Umbaugh Cash Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at 317-465-1500. 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 Umbaugh Cash Advisory Services, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Umbaugh Cash Advisory Services, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Material Changes

Form ADV Part 2A, Item 2

There are no material changes from the previous annual update to Form ADV Part 2, updated March 25, 2011. This brochure does include the change in Chief Compliance Officer noted in Part 2B, Item 6.

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Advisory Business

Form ADV Part 2A, Item 4

Umbaugh Cash Advisory Services, LLC (UCAS) is a registered investment adviser. UCAS has been a registered investment adviser since 2005, and has operated under the name Umbaugh Cash Advisory Services, LLC since 2010. UCAS is a wholly-owned subsidiary of H.J. Umbaugh and Associates, Certified Public Accountants, LLP.

Investment supervisory services account for 100% of UCAS's advisory services. UCAS provides non-discretionary investment advice with the purpose of helping our clients create and maintain a disciplined approach to investing their funds prudently and effectively. UCAS assists clients in the analysis of cash flows for bond issue proceeds and their operating accounts, and in market analysis to determine the appropriate time horizon for investments. UCAS then has the responsibility to select or make recommendations as to specific securities the client may purchase or sell, and if the client accepts such recommendations, UCAS is responsible for arranging or effecting the purchase or sale.

Because most of our clients are government entities, the types of investments that are suitable for each client are usually defined by either a trust indenture or by state public funds law. The types of investments that our clients can utilize include, but are not limited to, U. S. Treasuries, government agency securities (FNMA, GNMA, FHLMC, FHLB etc.), state and municipal securities, highly rated commercial paper, AAA rated money market mutual funds, state approved money market funds and bank deposit products, such as certificates of deposit and CDARS. Clients may impose their own restriction on investing in certain securities or types of securities.

As of December 31, 2011, UCAS advised on total client assets of approximately \$363,354,000 on a non-discretionary basis.

Fees and Compensation

Form ADV Part 2A, Item 5

UCAS typically charges a fee of 10 basis points charged annually on the average monthly cost basis balance of all assets. The fee is negotiable and fixed fees may also be incorporated into the fee structure of an engagement. Fees are billed quarterly on a calendar basis for the preceding period. Contracts may be terminated at any time and a final fee will be charged through the date of termination.

Clients may be required to pay custodian fees in cases where a custodial account is established, and fees and expenses related to the portion of funds held in a money market mutual fund. Clients may also incur brokerage and other transaction costs.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Not applicable.

Types of Clients

Form ADV Part 2A, Item 7

UCAS generally provides services to governmental units including cities and towns, counties, utilities, schools, libraries and others. Client assets include bond proceeds and operating funds. There is not an established minimum balance to start or maintain an account.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

There are several important steps that UCAS takes as we formulate our investment advice for our clients. First, we talk to our clients about the importance of safety and review eligible investments that might be considered for their portfolios. We make sure they agree with the types of investments to be used. All UCAS clients utilize only U.S. treasuries, government agencies, highly rated municipal securities, certificates of deposit that are either with a highly rated bank or are fully insured, AAA rated money market mutual funds and state approved local government investment pools.

Next, we develop an understanding of our client's cash flows for the money being invested. Whether we are assisting with the investment of operating funds or construction funds, having adequate liquidity to meet our client's expenditure requirements is very important.

Once investment types have been agreed upon and we have an understanding of expected cash flows, we then look to the yield curve to determine the best strategy. Most clients require maturities from one month to two years, so we analyze the yield curve in that range. Once we have this information, there are several buy and hold strategies that we generally recommend our clients use:

Traditional Laddered Approach We use this approach when the yield curve is upward sloping. Here, we recommend matching securities with the expected cash flow schedule keeping in mind liquidity needs. In this approach, investments will mature in amounts greater than the cash flow estimates to reduce the need to sell a security before it matures.

Modified Laddered Approach This approach is used when the yield curve is downward sloping or humped. In the case of a downward sloping yield curve, our approach would be to recommend investing larger maturities in the short end of the yield curve. In the case of a humped yield curve, our approach would be to recommend matching maturity amounts to cash flows for the part of the yield curve that is upward sloping, and then invest larger amounts at the top of the yield curve.

Core Balance Approach This approach is used for clients with core operating fund balances that can be invested as long as two years. We initially recommend structuring investments to mature at regular intervals up to two years. As investments mature, the proceeds are reinvested out two years, with the goal of eventually having all investments effectively earning a two-year interest rate, while also providing liquidity with regular maturities.

Investment in securities involves risk of loss, which the client should be prepared to bear. The types of risk present on the securities on which we advise our clients include:

Interest Rate Risk: The risk that the value of an investment will change as a result of a change in market interest rates.

Credit Risk: The risk that an issuer will be unable to pay interest or principal on its debt obligations.

- Market Risk: The risk that the value of a portfolio will decrease due to external factors, such as political, economic or social events or conditions.
- Inflation Risk: The risk that the purchasing power of a security or its income is decreased by inflation.
- Reinvestment Risk: The risk that an investment might be paid back earlier than expected, when there might not be a similarly attractive investment available in which to reinvest.
- Liquidity Risk: The risk that a given security cannot be converted into cash if needed.

Disciplinary Information

Form ADV Part 2A, Item 9

UCAS has had no legal or disciplinary events.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

UCAS is a wholly-owned subsidiary of H.J. Umbaugh and Associates, Certified Public Accountants, LLP (“Umbaugh”). The principal business of Umbaugh is its business as a municipal adviser and a public accounting firm. UCAS may provide advisory services to the clients of Umbaugh.

UCAS has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

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

Form ADV Part 2A, Item 11

UCAS requires all employees sign a Code of Ethics to ensure they may not directly or indirectly benefit from transactions recommended in the accounts of clients and to prevent conflicts of interest. The Code of Ethics also includes a commitment to placing the interest of clients first at all times, to protect client confidentiality, to remain independent in the investment decision-making process, to ensure investment advice is suitable and to obtain best execution for clients’ securities transactions.

All UCAS employees are also required to disclose their personal securities holdings initially and on an annual basis, and securities transactions on a quarterly basis to the Chief Compliance Officer, who tests for any actual or potential conflict of interest.

We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Brokerage Practices

Form ADV Part 2A, Item 12

We focus on achieving best execution for our clients, which means seeking the best price for a security in the marketplace by using a competitive bidding process. UCAS generally selects the banks and brokers to affect client transactions. For securities with an active secondary market, such as Treasuries and Government Agencies, we attempt to receive three competitive bids. For securities with a less active secondary market, such as state and municipal securities and negotiable CDs, we may receive bids from only one or two brokers.

We have no soft dollar arrangement with any broker/dealer or bank. We may aggregate trades that require allocation when investing for more than one client, when their needs for type of security and maturity dates match. In addition to determining the highest bid for a given transaction, we also consider the range and quality of services offered by the broker, including timeliness of bids, execution capabilities, accuracy and responsiveness.

It is UCAS policy to ensure clients are made whole following a trade error. If UCAS causes a trade error in a client's account that results in a loss, the client's account would be reimbursed. We work with the broker and custodian to resolve any trading errors that are found. UCAS is not responsible for any losses due to trade errors by the broker or custodian.

Review of Accounts

Form ADV Part 2A, Item 13

Portfolio reviews are performed at least quarterly for all advisory clients by the Senior Associate or Senior Financial Analyst. Maturing investments are reviewed weekly for the potential for reinvestment.

Activity and Fund Balance Summaries are furnished to clients quarterly. These summaries are based upon information supplied by the trustee or depository for the funds. Clients generally receive monthly statements from the trustee or depository for their accounts. Clients who do not use a trustee or depository receive a quarterly Investment Activity Statement listing any investments made or held during the quarter. Client meetings are held at the desire of each client.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

UCAS does not receive an economic benefit for providing investment advice to our clients from someone who is not a client, and does not directly or indirectly compensate any person who is not a supervised person for client referrals.

Custody

Form ADV Part 2A, Item 15

UCAS does not have custody of client assets. Clients are responsible for maintaining or contracting with a trustee or custodian to maintain custody of all fund assets. Such trustee and custodians provide account statements to the client. Clients are urged to carefully review those statements and compare them to the statements provided by UCAS.

Investment Discretion

Form ADV Part 2A, Item 16

UCAS provides only non-discretionary investment advice to our clients. UCAS assists clients in the analysis of cash flows for bond issue proceeds and their operating accounts, and in market analysis to determine the appropriate time horizon for investments. UCAS then has the responsibility to make recommendations as to specific securities the client may purchase or sell, and if the client accepts such recommendations, UCAS is responsible for arranging or effecting the purchase or sale.

Voting Client Securities

Form ADV Part 2A, Item 17

UCAS clients do not invest in the types of securities that require proxy voting.

Financial Information

Form ADV Part 2A, Item 18

Disclosure of financial information is not required because UCAS does not have custody of client funds and does not require prepayment of fees from clients.

Requirements for State-Registered Advisers

Form ADV Part 2A, Item 19

UCAS is registered with the SEC, so this section is not applicable.

Privacy Policy

Form ADV Part 2A, Item 20

This privacy policy applies to Umbaugh Cash Advisory Services, LLC (“UCAS”). UCAS recognizes the importance of protecting your nonpublic personal information and is committed to maintaining the privacy and confidentiality of that information.

Information UCAS Collects

UCAS does not collect personally identifiable information from you unless you voluntarily choose to submit that information. When you become a client, we may collect personal information that you supply to us and any correspondence or communications that you have with UCAS or its service providers. We will have access to information about the investment advisory services that UCAS provides you, and if a custodian or trustee is used, we will have access to securities positions, account balances and any transactions effected on your behalf. Your contact information may be added to our mailing list to allow you to receive future paper and email communications from UCAS.

Use of Personal Information

UCAS does not sell personal information that is collected from clients. We use all of the personal information that we collect to provide you with the products and services that you request and to fulfill legal and regulatory requirements.

Information Safety

While UCAS strives to safeguard your personal information, data transmission over the Internet, including e-mail, cannot be guaranteed to be 100% secure. Therefore, UCAS cannot ensure or warrant the security of any information you transmit, and any information you transmit is done at your own risk. UCAS cannot be responsible for disclosures of your personal information due to errors in transmission or unauthorized acts of third parties, and encourages you to exercise prudence in selecting the information you send via the Internet, including via email.

Contact Information

If you would like to contact us with questions or comments concerning the privacy of your information, please contact us via e-mail at messer@umbaugh.com or telephone at 317-465-1531.

INVESTMENT ADVISER BROCHURE

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December 31, 2011

This brochure supplement provides information about Jeffrey A. Messer and George L. Bawcum that supplements the Umbaugh Cash Advisory Services, LLC brochure. You should have received a copy of that brochure. Please contact Mr. Messer if you did not receive the Umbaugh Cash Advisory Services, LLC brochure or if you have any questions about the contents of this supplement.

Educational Background and Business Experience

Form ADV Part 2B, Item 2

Jeffrey A. Messer

Year of Birth: 1960

Education after HS:

Bachelors Degree in Finance from Indiana University (1986)

Business background for preceding five years:

Umbaugh Cash Advisory Services, LLC, Senior Associate (6/05-Present)

George L. Bawcum

Year of Birth: 1971

Education after HS:

Bachelors Degree in Economics - Indiana University (1993)

Business background for preceding five years:

Umbaugh Cash Advisory Services, LLC, Senior Financial Analyst (1/06-Present)

Disciplinary Information

Form ADV Part 2B, Item 3

The individuals listed in this brochure supplement have had no legal or disciplinary events.

Other Business Activities

Form ADV Part 2B, Item 4

The individuals listed in this brochure supplement do not engage in other investment-related business activities. The individuals listed in this brochure supplement are not actively engaged in any other business or occupation that represents a substantial amount of their time or income.

Additional Compensation

Form ADV Part 2B, Item 5

The individuals listed in this brochure supplement do not receive an economic benefit for providing advisory services to anyone who is not a client of Umbaugh Cash Advisory Services, LLC.

Supervision

Form ADV Part 2B, Item 6

Mr. Messer supervises Mr. Bawcum. All investment advice and trading activity that Mr. Bawcum performs for clients requires approval by Mr. Messer, which may be in writing, via email or verbal. Mr. Bawcum and Mr. Messer meet several times each month to review new and existing client accounts.

With respect to compliance, Mr. Messer and Mr. Bawcum are supervised by the Chief Compliance Officer, Mr. Brian C. Colton. Mr. Colton can be reached at 317-465-1500.

Requirements for State-Registered Advisers

Form ADV Part 2B, Item 7

Not applicable.