

## **Firm Brochure**

(Part 2A of Form ADV)

### **CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS**

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This brochure provides information about the qualifications and business practices of CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS. If you have any questions about the contents of this brochure, please contact us at: 954-571-2020, or by email at: tcaruso@carusoandcompany.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 CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 23, 2012

## Material Changes

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 954-571-2020 or by email at: [tcaruso@carusoandcompany.com](mailto:tcaruso@carusoandcompany.com).

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## Advisory Business

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### Firm Description

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS, was founded in 1990.

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS is strictly a fee-only financial planning and investment management firm, and also offers traditional tax and accounting services. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. No commissions in any form are accepted. No finder's fees are accepted.

The owner of CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS also owns 100% of Anthony C. Caruso Insurance Agency, which is an independent Insurance Agency that sells Life, Health and Disability insurance and annuities for a commission.

Investment advice is an integral part of financial planning. In addition, CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not act as a custodian of client assets. The client always maintains asset control. CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS places trades for clients under a limited power of attorney.

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

Other professionals (e.g., lawyers, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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**Principal Owners**

Anthony C. Caruso, CPA is a 100% stockholder of Caruso and Company, P.A., Certified Public Accountants.

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**Types of Advisory Services**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS provides Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through personal discussions, the client's goals and objectives are determined, and a personal investment policy is created to manage a portfolio based on that policy. Account supervision is guided by the stated objectives of the client (i.e. All Stock, Aggressive, Normal (60%/40), Moderate, Conservative, Fixed Income).

On more than an occasional basis, CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and retirement planning or estate planning.

As of March 23, 2012, CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS manages approximately \$43,000,000 in assets for approximately 101 clients. All is managed on a discretionary basis.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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**Types of Agreements**

The following agreements define the typical client relationships.

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**Financial Planning Agreement**

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations in a written plan are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

The fee for a financial plan is predicated upon the facts known at the start of the engagement. Fees typically range from \$2,500 to \$4,500, and are negotiable depending on the circumstances. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Follow-on implementation work is billed separately at the rate of \$235.00 per hour.

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**Advisory Service Agreement**

None

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**Retainer Agreement**

None

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**Investment Management Agreement**

The annual fee for investment supervisory services will be charged as a percentage of assets under management, according to the schedule below:

<u>Assets under management</u>	<u>Equity Portfolio Annual fees (%)</u>	<u>Fixed Income Portfolio Annual fees (%)</u>
The portion of assets between \$0-\$3,000,000	1.00%	0.75%
The portion of assets between \$3,000,001-\$5,000,000	0.75%	0.50%
The portion of assets over \$5 million	0.50%	0.25%



In certain circumstances, investment management fees for any account size may also negotiable.

Guidelines set by the Securities and Exchange Commission for directly debiting advisory fees from client custodial accounts ensure that CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS will not be deemed to have custody of client funds and/or securities with regard to the practice of direct debiting.

Clients will be invoiced in advance, at the beginning of each calendar quarter, based upon the month end values (market value or fair market value in the absence of market value, plus any margin balance) of the client's account during the previous quarter. The value of the portfolio is determined on the nearest valuation date preceding the end of the quarter, which valuation date is defined as the last day of the month.

Management of the account and the fee commences upon the signing of the agreement, unless otherwise agreed upon. If the agreement commences other than at the beginning of a quarter, a pro rata charge will be made for the initial period the portfolio is under the advisor's management prior to the beginning of a quarter on the amount agreed upon.

Management fees do not include wire fees, margin interest, overnight or registered postage charges, mutual fund sales charges, IRA custodial fees or transaction charges. These fees are charged to the client directly by the mutual fund or custodian when incurred. All fees paid to CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds 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 the services of CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS. In that case, the client would not receive the services provided by CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS 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 the fees charged by CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. When appropriate to the needs of the client, CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS may recommend the use of trading (securities sold within 30 days), margin strategies, or option writing. Because these investment strategies involve certain additional

degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

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**Tax Preparation Engagements**

Tax planning and preparation work is offered and performed separately and is billed at rates ranging from of \$150.00 to \$235.00 per hour, depending on the nature of the work and staff persons involved.

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**Hourly Planning Engagements**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements ranges from \$150.00 to \$235.00 per hour depending on the nature of the work and the staff persons involved.

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**Asset Management**

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, U. S. government securities, options contracts, and futures contracts.

Initial public offerings (IPOs) are not available through CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS.

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**Termination of Agreement**

A client agreement may be canceled by the client at any time for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS will refund any unearned portion of the advance payment.

## **Fees and Compensation**

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**Description**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS bases its fees on a percentage of assets under management for investment management services, and hourly charges or fixed fees for financial planning, tax planning or preparation, or consulting work. Fees vary with the complexity or nature of the work and are negotiable.

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**Fee Billing**

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has ended. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial plans and certain tax work are billed on a 50% retainer basis in advance, with the balance due upon delivery of the financial plan or tax return.

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**Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS shares in no part of the custodian transaction fees, nor receives any commissions relating to the sale of any investments. In its sole discretion, CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS may waive its minimum fee and/or charge a lesser investment advisory fee based

upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS.

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

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### **Past Due Accounts and Termination of Agreement**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS reserves the right to stop work on any account that is more than 30 days overdue. In addition, CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 10 days.

## **Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Types of Clients**

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### **Description**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS generally provides investment advice to individuals, pension and profit

sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

**Investment Supervisory Services Program:**

Caruso offers investment supervisory services, to other CPA firms who are also properly licensed and registered as investment advisors (the Program). These CPA firms that participate in the Caruso Program are not affiliated with Caruso by common control or ownership.

Caruso has discretionary authority (with respect to the purchase and sale of securities) and provides ongoing supervisory services for each account. The CPA firm participating with Caruso is responsible for educating the client with respect to the types of investments available, assisting each client in determining the amount of risk versus return in various investment vehicles, and assisting each client in making an asset allocation between those various investments. It is the responsibility of the participating CPA firm to monitor the performance of the account, as it relates to meeting the objectives of the client and the asset allocation. The CPA firm will meet with the client to continually assess the client's risk tolerance and change the asset allocation as necessary. The participating CPA firm has the discretionary authority to terminate the client's contract with Caruso without the client's consent. Caruso and the participating CPA firm have separate contracts with the client.

**Equity Portfolio**

<u>Assets under management</u>	<u>CPA Firm</u>	<u>Caruso</u>	<u>Total</u>
The portion of assets between \$0-\$3,000,000	0.500%	0.500%	1.000%
The portion of assets between \$3,000,001-\$5,000,000	0.375%	0.375%	.750%
The portion over \$5 million	0.250%	0.250%	0.500%

**Fixed Income Portfolio**

<u>Assets under management</u>	<u>CPA Firm</u>	<u>Caruso</u>	<u>Total</u>
The portion of assets between \$0-\$3,000,000	0.375%	0.375%	0.750%
The portion of assets between \$3,000,001-\$5,000,000	0.250%	0.250%	0.500%
The portion over \$5 million	0.125%	0.125%	0.250%

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**Account Minimums**

The minimum account size is generally \$100,000 of assets under management, which equates to an annual fee of \$1,000.00.

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS may waive its minimum account size or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS has the discretion to waive the account minimum. Accounts of less than \$100,000 may be set up as stated above. Other exceptions will apply to employees of CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS and their relatives, or relatives of existing clients.

Clients receiving ongoing asset management services will be assessed a \$25.00 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Security and investment analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS may use include Morningstar Principia mutual fund information, Fidelity Investments Advisor Channel information, World Wide Web.

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### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then may actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

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**Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Disciplinary Information

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### Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS is registered as an investment adviser.

### Affiliations

The owner of CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS also owns 100% of Anthony C. Caruso Insurance Agency, which is an independent Insurance Agency that sells Life, Health and Disability insurance and annuities for a commission.

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

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### Code of Ethics

The employees of CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### Participation or Interest in Client Transactions

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS *Compliance Manual*.

### Personal Trading

The Chief Compliance Officer of CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS is Anthony C. Caruso, CPA, PFS. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.



# Brokerage Practices

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## Selecting Brokerage Firms

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Clients in need of brokerage or custodial services will have discount broker, Fidelity Investments recommended to them. CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not receive fees or commissions from this recommendation.

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## Best Execution

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS reviews the execution of trades at the custodian each quarter. The review is documented in the CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS *Compliance Manual*. Trading fees charged by the custodians is also reviewed on a quarterly basis. CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not receive any portion of the trading fees.

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## Soft Dollars

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS receives no soft dollar payments from Fidelity Investments or any other custodian.

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## Order Aggregation

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

# Review of Accounts

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## Periodic Reviews

Account reviews are performed quarterly by advisors Anthony C. Caruso, CPA, PFS. Account reviews are performed more frequently when market conditions dictate.

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## Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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**Regular Reports**

Clients receive periodic communications on at least an annual basis. The written updates may include a performance statement, portfolio holdings statement, tax return (if the client requests tax preparation services), and a summary of objectives and progress towards meeting those objectives.

## **Client Referrals and Other Compensation**

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**Incoming Referrals**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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**Referrals Out**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

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**Account Statements**

All assets are held at a qualified custodian, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS.

## **Investment Discretion**

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**Discretionary Authority for Trading**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS accepts discretionary authority to manage securities accounts on behalf of clients. CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the transaction rates paid to the custodian. CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

## Voting Client Securities

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**Proxy Votes**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## Financial Information

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**Financial Condition**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

## Business Continuity Plan

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**General**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS has a Business Continuity Plan in place that provides detailed steps to mitigate

and recover from the loss of office space, communications, services or key people.

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**Disasters**

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

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**Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

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**Loss of Key Personnel**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS has signed a Business Continuation Agreement with another financial advisory firm to support CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS in the event of NAME's serious disability or death.

## **Information Security Program**

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**Information Security**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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**Privacy Notice**

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax,

email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

CARUSO AND COMPANY, P.A., CERTIFIED PUBLIC ACCOUNTANTS requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a PFS, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

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### Professional Certifications

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

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

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

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Enrolled Agent (EA): Enrolled Agents are enrolled by the Internal Revenue Service and authorized to use the EA designation. EA enrollment requirements:

- Successful completion of the three-part IRS Special Enrollment Examination (SEE), or completion of five years of employment by the IRS in a position which regularly interpreted and applied the tax code and its regulations.
- Successfully pass the background check conducted by the IRS.

#### PFS / CPA

A PFS, or Personal Financial Specialist, is the financial planning specialty credential issued by the American Institute of Certified Public Accountants (AICPA) exclusively to qualified CPA. You must be a CPA member in good standing of the AICPA before you can obtain the PFS Credential.

PFS is granted exclusively to CPAs who are members in good standing of the AICPA. A PFS Credential holder meets stringent requirements with professional work experience, education and training and passed an examination that tests financial planning knowledge, tax, accounting and business management.

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#### **Anthony C. Caruso, CPA, PFS**

##### **Educational Background:**

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President - Caruso and Company, P.A., CPA 1991 to present  
B.S. Accounting, Rochester Institute of Technology 1975  
Certified Public Accountant - 1979  
Public Accounting experience - 1976 to present  
Personal Financial Specialist AICPA  
NASD Series 6  
NASD Series 65

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None