

## Item 1 – Cover Page

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Date of Disclosure Brochure: August 2012

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This disclosure brochure provides information about the qualifications and business practices of Wellspring99 (also referred to as we, us and Wellspring99 throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Deirdre Kochanski at (520) 327-0167 or [dkochanski@wellspringfp.com](mailto:dkochanski@wellspringfp.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Wellspring99 is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Wellspring99 or our firm's CRD number 162427.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Wellspring99 is a newly registered investment adviser, and this disclosure brochure dated August 2012 is the first disclosure brochure prepared by our firm. In the future, this item will discuss only specific material changes that are made to the disclosure brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of this disclosure brochure.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### **Item 4 – Advisory Business**

Wellspring99 is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Arizona.

- Patrick J. Zumbusch is the Chief Executive Officer (CEO) and Owner of Wellspring99. Patrick J. Zumbusch owns 100.00% of Wellspring99.
- Deirdre M. Kochanski is the Chief Compliance Officer (CCO) of Wellspring99.
- Wellspring99 was approved as an investment advisor by the U.S. Securities and Exchange Commission on August 3, 2012.

#### **Introduction**

The investment advisory services of Wellspring99 are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Wellspring99 (referred to as your investment adviser representative throughout this brochure).

#### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Wellspring99. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Wellspring99 before we can provide you the services described below.

**Asset Management Services** – Wellspring99 offers asset management services, which involves Wellspring99 providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

**Financial Planning Services** - Wellspring99 offers access to financial planning services provided by a third party company ESPlanner. Clients will log on to ESPlanner to prepare a written financial plan covering specific or multiple topics. The software will provide full written financial plans, which typically address the following topics: Investment Planning, Retirement Planning, Insurance Planning, Education Planning, Portfolios Review, and Asset Allocation. When providing financial planning and consulting services, the role of Wellspring99 is to provide you with access to systems and information to help you understand your overall financial situation and help you set financial objectives. Written financial plans prepared under this Agreement do not include specific recommendations of individual securities.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through Wellspring99 or retain Wellspring99 to actively monitor and manage your investments, you must execute a separate written agreement with Wellspring99 for our asset management services.

## **Newsletters**

Wellspring99 occasionally prepares general, educational and informational newsletters. Newsletters are always offered on an impersonal basis and do not focus on the needs of a specific individual.

## **Specialization**

Wellspring99 will work exclusively with web-based clients to provide individualized financial planning and investment management services.

## **Limits Advice to Certain Types of Investments**

Wellspring99 provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Client Assets Managed by Wellspring99**

As a newly registered investment adviser, Wellspring99 has no assets under management to report as of the date of this Brochure.

## **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements.

### **Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of a billing period, the prorated fee for the initial billing period is billed in arrears at the same time as the next full billing period's fee is billed.

The asset management services continue in effect until terminated by either party (i.e., Wellspring99 or you) by providing written notice of termination to the other party. When fees are billed in arrears, Wellspring99 will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

For our asset management services, the annual fee will be 1.25%.

There is a minimum account size of \$10,000.

Clients may also elect to work on-line with an assigned advisor for an additional fixed rate charge of between \$150 and \$500 per year depending upon the scope and complexity of the additional services required. This fee may be waived at the sole discretion of the advisor.

In addition, Wellspring Financial Partners has contracted with ORION Advisor Services to perform data aggregation and performance report preparation. Performance Reports are prepared and made available to clients on a quarterly basis. Client accounts will be assessed an account reconciliation and recordkeeping fee of \$21.25 per quarter for this performance reporting services.

Wellspring99 believes that its annual fees are reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Wellspring99 does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Wellspring99 in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Wellspring99 are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

### **Financial Planning & Consulting Services**

The following are the fee arrangements available for financial planning and consulting services offered by Wellspring99.

#### ***Fees for Financial Planning Services***

Wellspring99 offers web-based, interactive financial planning services to clients and prospects. There will be no charge for this interactive service. There is NO subsequent requirement to become an Asset Management Client of Wellspring99.

The financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination.

#### ***Fees for Consulting Services***

Wellspring99 offers ongoing advisement services billed at a rate of 1.25% of the assets under advisement. The annual fee will be divided by 4 and charged quarterly in arrears based upon the value of your retirement plan account on the last day of the last quarter.

In the event that you terminate consulting services at any time prior to completing the consultations by providing notice to Wellspring99, there will be no penalty or fees due. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Wellspring99 to you.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

## **Item 7 – Types of Clients**

Wellspring99 generally provides investment advice to the following types of clients:

- Individuals

You are required to execute a written agreement with Wellspring99 specifying the particular advisory services in order to establish a client arrangement with Wellspring99.

### **Minimum Investment Amounts Required**

Wellspring99 requires a minimum of \$10,000 in order to open an account.

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

### **Methods of Analysis**

Wellspring99 uses the following methods of analysis in formulating investment advice:

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

There are risks involved in using any analysis method.

To conduct analysis, Wellspring99 gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.



### **Investment Strategies**

Wellspring99 uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases: Investments held at least a year.

Model Portfolios: Wellspring99 uses the following Model Portfolios when managing client assets and/or providing investment advice:

Portfolio Name	Asset Allocation	Description
Very Conservative	0% Equity  100% Fixed Income	The Very Conservative portfolio seeks to provide a high level of stability and income with limited consideration to capital growth. This model is comprised of approximately 100% fixed income securities within the global bond market.
Conservative	20% Equity  80% Fixed Income	The Conservative Portfolio seeks a high level of stability with capital growth as a secondary consideration. This model is comprised of approximately 20% equity and 80% fixed income securities of both the domestic and international markets affording exposure to a wide range of asset classes.
Moderately Conservative	40% Equity  60% Fixed Income	The Moderately Conservative Portfolio seeks current income and stability with emphasis on growth of capital. This model is comprised of approximately 40% equity and 60% fixed income securities of both the domestic and international markets affording exposure to a wide range of asset classes.
Moderate	60% Equity  40% Fixed Income	The Moderate model portfolio seeks long-term growth and income. This Model is comprised of approximately 60% equity and 40% Fixed Income securities of both the domestic and international markets affording exposure to a wide range of asset classes.
Moderately Aggressive	75% Equity  25% Fixed Income	The Moderately Aggressive model portfolio seeks long-term growth through capital appreciation with income a secondary consideration. This model is comprised of approximately 75% equity and 25% fixed income securities of both the domestic and international markets affording exposure to a wide range of asset classes.
Aggressive	90% Equity  10% Fixed Income	The Aggressive model portfolio seeks long-term growth of capital with little consideration to current income. This model is comprised of approximately 90% equity and 10% fixed income securities of both the domestic and international markets affording exposure to a wide range of asset classes.

### **Primarily Recommend One Type of Security**

Wellspring99 primarily recommends Mutual funds.

Exchange Traded Funds (ETF) and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.

In Addition different mutual fund categories have different risk characteristics and investors should not compare different categories. For example, a bond fund and a stock fund that both have below average risk still have different risk/return potential (stock funds traditionally have higher risk/return potential). Risks are based on the investments held in the fund. For example, a bond fund faces interest rate risk and income risk and income is affected by the change in interest rates. A sector fund (investing in a single industry) is at risk that its price will decline due to industry developments. The following are some risks to consider when investing in mutual funds:

- **Call Risk:** A bond issuer may redeem high-yield bonds before maturity date due to falling interest rates.
- **Default Risk:** A bond issuer may fail to repay interest and principal.
- **Income Risk:** Dividends in a fixed income fund may decline due to falling interest rates.
- **Geology Risk:** Political events, natural disasters or financial problems may weaken a country or state's economy and cause investments to decline.
- **Industry Risk:** Stocks in a single industry may decline due to developments in that industry.
- **Inflation Risk:** Increases in the cost of living can reduce or eliminate a fund's actual returns when adjusted for inflation.
- **Manager Risk:** A manager may not execute the fund's investment strategy in a timely or effective manner.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock

equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

#### **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

Wellspring99 is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

### **Dually Registered as an Investment Adviser Representative**

The representatives of Wellspring99 are also licensed as investment adviser representatives with Investment Metrics, Inc. doing business as Wellspring Financial Partners. Wellspring99 and Investment Metrics, Inc. doing business as Wellspring Financial Partners are affiliated. Through Investment Metrics, Inc. doing business as Wellspring Financial Partners, the representatives provide asset management services as well as referrals to sub-advisors. They earn advisory fees when providing these services through Investment Metrics, Inc. doing business as Wellspring Financial Partners. Therefore, you could receive advisory services from one individual acting as an investment adviser representative on behalf of two separate registered investment advisors. If the representatives of Wellspring99 provide asset management or referral services to you, you will be given the disclosure brochure of Investment Metrics, Inc. doing business as Wellspring Financial Partners describing the services provided, fees charged and other information. You are encouraged to read and review the disclosure brochures for both Wellspring99 and Investment Metrics, Inc. doing business as Wellspring Financial Partners and direct questions to your representative.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Wellspring99 has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. Wellspring99 requires its supervised persons to consistently act in your best interest in all advisory activities. Wellspring99 imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Wellspring99. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Wellspring99 or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Wellspring99 that all persons associated in any manner with our firm must place clients’ interests ahead of their own when implementing personal investments. Wellspring99 and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Wellspring99.

Any associated person not observing our policies is subject to sanctions up to and including termination.

## **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of Wellspring99. Although Wellspring99 primarily recommends Mutual funds if the firm assists in the implementation of transactions in securities that are subject to fluctuating execution prices, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

### **Brokerage Recommendations**

You are under no obligation to act on the financial planning recommendations of Wellspring99. If we assist you in the implementation of any recommendations, we are responsible to ensure that you receive the best execution possible.

Wellspring99 recommends that you establish brokerage accounts with TD Ameritrade through their Institutional Platform. TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC/NFA. TD Ameritrade is an independent (and unaffiliated) SEC-registered broker-dealer and is recommended by Wellspring99 to maintain custody of clients' assets and to effect trades for their accounts.

Wellspring99 is independently owned and operated and not affiliated with TD Ameritrade.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by Wellspring99 must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

TD Ameritrade, Inc. provides us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

TD Ameritrade does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed by recommended money managers through the custodian or that settle into a custodian account.

These benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

TD Ameritrade, Inc. also makes available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. Wellspring99 is also providing other services intended to help our firm manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

Specifically, Wellspring99 participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits from TD Ameritrade through its participation in the program. *(Please see the disclosure under Item 14 below.)*

### **Directed Brokerage**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, Wellspring99 may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for

compliance and operational efficiencies, Wellspring99 has decided to require our clients to use broker/dealers and other qualified custodians determined by Wellspring99.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

Wellspring99 does not have a soft dollar agreement with a broker-dealer or a third-party.

### **Handling Trade Errors**

Wellspring99 has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Wellspring99 to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by Wellspring99 if the error is caused by Wellspring99. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. Wellspring99 may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

Wellspring99 will never benefit or profit from trade errors.

### **Block Trading Policy**

Investment advisors may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. Wellspring99 does not engage in block trading.

It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy to implement all client orders on an individual basis. Therefore, we do not aggregate or "block" client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

### **Agency Cross Transactions**

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Patrick J. Zumbusch and Deirdre M. Kochanski, with reviews performed in accordance with your investment goals and objectives.

Our financial planning services terminate upon the presentation of the written plan. Our financial planning and consulting services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. Financial planning clients do not receive any report other than the written plan originally contracted for and provided by Wellspring99.

In addition, Wellspring Financial Partners has contracted with ORION Advisor Services to perform data aggregation and performance report preparation. Performance Reports are prepared and made available to clients on a quarterly basis. Client accounts will be assessed a charge of \$21.25 per quarter for this performance reporting services. The performance information provided is believed to be accurate but cannot be guaranteed. We cannot guarantee the accuracy of fund values, securities' and other information obtained from third parties.

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

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

Wellspring99 does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Wellspring99 receives no other forms of compensation in connection with providing investment advice. Wellspring99 does not directly or indirectly compensate anybody for client referrals.

However, as disclosed under *Item 12* above, Wellspring99 participates in TD Ameritrade's institutional customer program and Adviser may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Wellspring99's participation in the program and the investment advice it gives to its Clients, although we receive economic benefits that are typically not available to TD Ameritrade retail investors through our participation in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving



our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Wellspring99 by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Wellspring99 but may not benefit your accounts. These products or services may assist Wellspring99 in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Wellspring99 manage and further develop its business enterprise. The benefits received by Wellspring99 or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, we endeavor at all times to put clients' interests first. You should be aware, however, that the receipt of economic benefits by Wellspring99 or our related persons in and of itself creates a potential conflict of interest and may indirectly influence Wellspring99's choice of TD Ameritrade for custody and brokerage services.

Wellspring99 also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include access to on-line investment research services at no cost. TD Ameritrade provides the Additional Services to Wellspring99 in its sole discretion and at its own expense, and we do not pay any fees to TD Ameritrade for the Additional Services. Wellspring99 and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Wellspring99's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Wellspring99, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Wellspring99, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Wellspring99 may have an incentive to recommend to you that the assets under management by Wellspring99 be held in custody with TD Ameritrade and to place transactions for your accounts with TD Ameritrade. Wellspring99's receipt of Additional Services does not diminish its duty to act in your best interests, including seeking best execution of trades for your accounts.

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Wellspring99 is deemed to have custody of client funds and securities whenever Wellspring99 is given the authority to have fees deducted directly from client accounts. However, this is the only form of Wellspring99

custody Wellspring99 will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Wellspring99 is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Wellspring99. When clients have questions about their account statements, they should contact Wellspring99 or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

When providing asset management services, Wellspring99 maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities, the amount of securities that can be bought or sold and the broker or dealer to be used for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Wellspring99 so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

Wellspring99 does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

### **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. Wellspring99 does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Wellspring99 has not been the subject of a bankruptcy petition at any time.

### **CUSTOMER PRIVACY POLICY NOTICE**

Wellspring99, LLC. is committed to safeguarding the confidential information of its clients. We hold all personal information provided by our clients in the strictest confidence. Except as required or permitted by law, we do not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of client confidential information, the applicant will provide written notice to its clients and clients will be given an opportunity to direct the applicant as to whether such disclosure is permissible.

### **AN IMPORTANT NOTICE CONCERNING CUSTOMERS' PRIVACY**

**CUSTOMER INFORMATION WE COLLECT.** We collect and develop personal information about clients and some of that information is nonpublic personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the financial products and services clients obtain from our firm. The categories of Customer Information we collect depend upon the scope of the engagement with the client and are generally described below.

As an investment advisor, we collect and develop Customer Information about clients in order to provide investment advisory services. Customer Information we collect includes:

- Information received from clients on financial inventories through consultations. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning clients' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about a client's financial products and services transactions with the applicant.

**DATA SECURITY.** Wellspring99, LLC. restricts access to Customer Information to those associated persons and employees who need the information to perform their job responsibilities. We maintain

agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Customer Information about clients.

**USE AND DISCLOSURE OF CUSTOMER INFORMATION TO PROVIDE CUSTOMER SERVICE FOR ACCOUNTS.** To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for us to provide access to Customer Information within the firm and to non-affiliated companies other investment advisors, other broker/dealers, trust companies, custodians and insurance companies. Wellspring99, LLC. may also provide Customer Information outside of the firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**FORMER CLIENTS.** When clients close an account with Wellspring Financial Partners, it will continue to operate in accordance with the principles stated in the Notice.

**REQUIREMENTS OF FEDERAL LAW.** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, including broker-dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to non-affiliated third parties, other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that the applicant does not disclose Customer Information to non-affiliated third parties, except as permitted or required by law (e. g., disclosures to service a client's account or to respond to subpoenas).

### **Business Continuity Plan**

Wellspring99 has a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or the operations of a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes the following:

- Alternate locations to conduct business;
- Hard and electronic back-ups of records;
- Alternative means of communications with employees, clients, critical business constituents and regulators; and
- Details on the firms' employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

***Information Required by Part 2B of Form ADV: Brochure Supplement – Patrick J. Zumbusch***

The following are responses to each item found in the Form ADV Part 2B instructions.

**Item 1 – Cover Page**

All information required in the Form ADV Part 2B instructions can be found on the cover page of this Disclosure Brochure.

**Item 2 – Educational Background and Business Experience**

Patrick J. Zumbusch, President; Born in 1955

**Education Background:**

- Augsburg College Bachelor's Degree in 1977
- University of Chicago, Master's Degree in Business Administration - 1986

**Business Background:**

- Wellspring99, LLC., President and Investment Advisor Representative 8/2011 to Present
- Investment Metrics, Inc., President and Investment Advisor Representative 8/2011 to Present
- Pathways Financial Partners, Investment Advisor Representative, 9/2008 to 10/2011
- Investment Metrics, Inc., President, 07/2005 to 8/2008

**Item 3 – Disciplinary Information**

As previously stated in Item 9 of this Disclosure Brochure, I have never been subject to a legal or disciplinary event.

**Item 4 – Other Business Activities**

Wellspring99, LLC. is an independent investment advisory firm and only provides investment advisory services. I am not engaged in any other business activities and offer no other services than those described in this Disclosure Brochure.

**Item 5 – Additional Compensation**

Other than the fees detailed in Item 5 of this Disclosure Brochure, I receive no other compensation related to advisory services provided to clients.

**Item 6 – Supervision**

Deirdre M. Kochanski is the Chief Compliance Officer of Wellspring99, LLC. and ultimately responsible for the firm's compliance program including establishing procedures designed to monitor and supervise the activities and services provided by the firm and its supervised persons. Deirdre M. Kochanski can be reached at (520)327-0167.

***Information Required by Part 2B of Form ADV: Brochure Supplement – Deirdre M. Kochanski***

The following are responses to each item found in the Form ADV Part 2B instructions.

**Item 1 – Cover Page**

All information required in the Form ADV Part 2B instructions can be found on the cover page of this Disclosure Brochure.

**Item 2 – Educational Background and Business Experience**

Deirdre M. Kochanski, Manager of Plan Services; Born in 1964

**Educational Experience:**

- Ball State University, Bachelor's Degree in 1986
- Roosevelt University, Master's Degree in Public Administration - 1993

**Business Experience:**

- Wellspring99, Investment Advisor Representative 3/2011 to Present
- Investment Metrics, Inc., Investment Advisor Representative 8/2011 to Present
- Pathways Financial Partners, Investment Advisor Representative, 6/1998 to 10/2011

**Item 3 – Disciplinary Information**

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