

**ITEM 1. COVER PAGE FOR  
PART 2A OF FORM ADV: FIRM  
BROCHURE**

**AUGUST 9, 2012**

**BLUE WATER WEALTH, INC.  
D/B/A BLUE WATER WEALTH, and BWW  
9755 SOUTHWEST BARNES ROAD, SUITE 610  
PORTLAND, OR 97225  
PHONE NUMBER: (503) 296-8700**

**FIRM CONTACT:  
GABRIELLA A. COX, CHIEF COMPLIANCE OFFICER**

This brochure provides information about the qualifications and business practices of Blue Water Wealth. If you have any questions about the contents of this brochure, please contact us by telephone at (503) 296-8700 or email [compliance@bluewaterwealth.com](mailto:compliance@bluewaterwealth.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 Blue Water Wealth also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Blue Water Wealth and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

**Item 2. Material Changes to Our Part 2A of Form**  
**ADV: Firm Brochure**

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

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure. On August 9, 2012 our fee schedule was changed to a flat percentage up to a maximum of 2% for any assets in our Coordinated Asset Management Program.

### **Item 3. Table of Contents**

| <b><u>Section:</u></b>   | <b><u>Page(s):</u></b> |
|--|------------------------|
| item 1. Cover Page For Part 2A Of Form ADV: Firm Brochure .....                                      | 1                      |
| Item 2. Material Changes to Our Part 2A of Form ADV: Firm Brochure.....                              | 2                      |
| Item 3. Table of Contents .....  | 3                      |
| Item 4. Advisory Business.....   | 4                      |
| Item 5. Fees and Compensation.....   | 6                      |
| Item 6. Performance-Based Fees and Side-By-Side Management .....                                     | 7                      |
| Item 7. Types of Clients and Account Requirements .....  | 7                      |
| Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....                            | 8                      |
| Item 9. Disciplinary Information .....   | 8                      |
| Item 10. Other Financial Industry Activities and Affiliations.....                                   | 9                      |
| Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..... | 10                     |
| Item 12. Brokerage Practices.....  | 11                     |
| Item 13. Review of Accounts or Financial Plans .....   | 13                     |
| Item 14. Client Referrals and Other Compensation .....   | 14                     |
| Item 15. Custody .....   | 15                     |
| Item 16. Investment Discretion .....   | 15                     |
| Item 17. Voting Client Securities .....  | 15                     |
| Item 18. Financial Information.....  | 16                     |

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

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

We are dedicated to providing individuals with a wide array of investment advisory services. Our firm is a corporation formed in the State of Oregon. Our firm has been in business as an investment adviser since 2012 and is 100% owned by Nancy L. Congdon. We specialize in financial planning and coordinated asset management with independent managers.

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

(i) Financial Planning:

We provide a variety of financial planning services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan for clients based on the client's financial goals and objectives. This planning may encompass one, or more, of the following areas:

- Cash Flows;
- Cash Revenues;
- Protection Planning;
- Goal Funding;
- Tax Mitigation Strategies;
- Retirement Planning;
- Executive Compensation Optimization;
- Stock Option Analysis;
- Retirement Income Planning;
- Wealth Management;
- Estate Planning;
- Multi-Generational Planning;
- Charitable Giving.

Our written financial plans rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an

---

<sup>1</sup> Please note that: (1) For purposes of this item, our principal owners include the persons we list as owning 25% or more of our firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If we are a publicly held company without a 25% shareholder, we simply need to disclose that we are publicly held. (3) If an individual or company owns 25% or more of our firm through subsidiaries, we must identify the individual or parent company and intermediate subsidiaries. If we are a state-registered adviser, on Form ADV Part 2A Page 2, we must identify all intermediate subsidiaries. If we are an SEC-registered adviser, we must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries.

accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. Plans are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

We charge on a flat fee basis for financial planning services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our annual engagement with you. Flat fees generally range from \$1,200 to \$25,000. We collect 100% of the planning fee at the start of our relationship. Financial planning fees will be automatically billed on an annual basis. Financial plans will be rendered within 6 (six) months. In all cases, we will not require a retainer exceeding \$1200 when services cannot be rendered within 6 (six) months.

(ii) Coordinated Asset Management Program (CAMP).

Clients are eligible for CAMP after having been provided a financial plan under our Financial Planning services agreement. After determining an appropriate investment strategy, we will provide clients with a number of investment advisory services provided by independent managers for the individual management of client. We align these third-party money managers, and their associated portfolios, with your comprehensive financial plan. We provide initial due diligence on independent managers and ongoing reviews of their management of your account. It is important to note that we do not offer advice on any specific securities or certain investments in connection with this service. Investment advice and trading of securities is only offered by or through the independent managers to clients. We periodically review independent managers' reports provided to the client, but no less often than on an annual basis. Our associates contact the clients at least semi-annually in order to review your financial situation and objectives; communicate information to you or your independent managers as warranted; and, assist you in understanding and evaluating the services provided by the independent manager. You will be expected to notify us of any changes in your financial situation, investment objectives, or account restrictions that could affect your account. You may also directly contact the independent manager managing the account.

CAMP is an all-inclusive service. For any assets under management, the fees will be up to 2%. This includes our advisory fees, custodial and transactional fees in your account(s) as well as the fees of independent manager(s). Our firm's fees are billed on a pro-rata annualized basis monthly in arrears based on the value of your account on the last day of the previous month.

**Please refer to our Coordinated Asset Management Program (CAMP) Brochure for more information about this service.**

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

(i) Individual Tailoring of Advice to Clients:

We provide individually tailored comprehensive financial plans to all of our clients. Client accounts in CAMP will be tailored to the client's needs as provided for in their financial plan.

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

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions of certain investments may not be possible due to the level of difficulty this would entail in managing the account.

D. Participation in wrap fee programs.

Our CAMP service is an all-inclusive program as further described in Part 2A, Appendix 1. Assets enrolled in CAMP are managed by our firm on a wrap fee basis only.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis as of 8/3/2012.

We manage<sup>2</sup> \$0 on a discretionary basis and \$0 on a non-discretionary basis as of 8/3/2012.

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

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

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

See Item 4.B (i) of this Brochure.

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

See Item 4.B (i) of this Brochure.

---

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

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

CAMP clients will not incur transaction costs for trades. More information about this is disclosed in our separate Coordinated Asset Management Program Brochure.

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

We charge our advisory fees monthly in arrears. If you wish to terminate our services, you need to contact us in writing and state that you wish to cancel the advisory agreement. Upon receipt of your letter of termination, we will proceed to close out your account and charge you a pro-rata advisory fee(s) for services rendered up to the point of termination.

- E. Commissionable securities sales.

In non-advisory accounts we execute commissionable products transactions. We may also install investment vehicles which commissions may be earned. In order to effect such transactions, our supervised persons are registered representatives of Cambridge Investment Research, Inc., member FINRA/SIPC. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received..
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents who are not affiliated with us.

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

We do not charge performance fees to our clients.

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

We have the following types of clients:

- Individuals and High Net Worth Individuals.

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

- We do not require a minimum account balance for our asset management service.
- We generally charge a minimum fee of \$1,200 for written financial plans.

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

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

Methods of Analysis such as charting, fundamental, technical, or cyclical may be used by the independent managers we help select for our client in our Coordinated Asset Management Program. Please refer the disclosure brochures of these independent managers for more information.

#### **Investment Strategies we use:**

- Long term purchases (securities held at least a year);
- Margin transactions;
- Option writing, including covered options, uncovered options or spreading strategies.

#### **Please note:**

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

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

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to asset management, as applicable.

## **Item 9. Disciplinary Information**

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



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

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

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

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

Advisory representatives are registered representatives of Cambridge Investment Research, Inc., member FINRA/SIPC.

- B. Our firm or our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. The details are as follows:

We have nothing to disclose in this regard.

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

Advisory representatives of our firm are insurance agents/brokers. We may offer insurance products and receive normal and customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn.

---

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

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

Please see Item 4B (ii) of this Brochure. Also note that we will take every reasonable measure to ensure the independent managers recommended through our Coordinated Asset Management Program are properly licensed.

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

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

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

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

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

---

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

Our firm does not recommend specific securities to our clients. Assets are managed by independent managers and we have therefore minimized the conflict of interest in regard to investments in our advisory representatives' personal accounts.

## **Item 12. Brokerage Practices**

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

1. Research and Other Soft Dollar Benefits. If we receive non-soft dollar research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

Our firm has a custodial arrangement with Pershing, LLC through Pershing Advisor Solutions, LLC ("Pershing"). Pershing offers to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits from Pershing through our participation in the program.

- a. Explanation of when we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

As part of the arrangement described in Item 12A1, Pershing also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Pershing directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Pershing to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Pershing to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving best execution.

Along with services discussed in 12A(1)a above for no additional cost we also receive financial assistance for software support of quarterly statements and performance summaries provided to all clients from Black Diamond Performance Reporting, we may have an

incentive to continue to use or expand the use of Pershing services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Pershing and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

Pershing charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Pershing enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Pershing commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Pershing may be higher or lower than those charged by other custodians and broker-dealers.

- c. Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

All asset management through Blue Water Wealth Inc. will be done on a wrapped fee basis. Pershing's fees are included in our advisory fee charged to you.

- d. Disclosure of whether we use soft dollar benefits to service all of our clients' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Any soft dollar benefits obtained by our firm will generally be used to service all of our clients. However, brokerage commissions paid by us may be used indirectly to pay for soft dollar benefits not used in managing that specific client's account.

- e. Description of the types of products and services our firm or any of our related persons acquired with client brokerage commissions (or markups or markdowns within our last fiscal year.

We are a newly registered investment adviser and have nothing to disclose in this regard.

- f. Explanation of the procedures we used during our last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits we received.

We are a newly registered investment adviser and have nothing to disclose in this regard.

## 2. Brokerage for Client Referrals.

- a. If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (i.e., the system of controls used by us when allocating brokerage)

Our firm does not receive brokerage for client referrals.

3. Directed Brokerage.

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

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution or the commission rates at which such securities transactions are effected.

- b. If we permit a client to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

We do not allow client-directed brokerage.

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

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts.

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

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

We review accounts on at least a semi-annual basis for our clients subscribing to our Coordinated Asset Management Program. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Financial planning clients receive comprehensive, updated annual financial plans. Our financial advisors conduct these reviews. In addition we meet with financial planning clients every 3-to-6 months to review issues pertinent to their financial plan.

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

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

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

We provide quarterly performance reports to CAMP clients. Financial planning clients receive comprehensive, updated annual financial plans.

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

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

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

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

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

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm.

### **Item 15. Custody**

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

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian, you will be notified in writing of the qualified custodian's contact information. Account statements sent to clients by us shall include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

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

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

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

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

We accept discretionary authority over client accounts. Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account.

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

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

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

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

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

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

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

We have nothing to disclose in this regard.

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

We have nothing to disclose in this regard.