

# Crescent Hill Partners LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Crescent Hill Partners LLC. If you have any questions about the contents of this brochure, please contact us at (518) 306-6224 or by email at: [rmartin@crescenthillpartners.com](mailto:rmartin@crescenthillpartners.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 Crescent Hill Partners LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Crescent Hill Partners LLC's CRD number is: 149365*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Upon filing its annual updating amendment using Form ADV Part 2, Phil Toffel and Frank Antalek withdrew as IARs and members of Crescent Hill Partners LLC LLC (SHP). There were no other material changes to the operations, services provided, business and financial structure of SHP.

## Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes.....	i
Item 3: Table of Contents.....	ii
Item 4: Advisory Business.....	1
A. Description of the Advisory Firm.....	1
B. Types of Advisory Services.....	1
Investment Supervisory Services.....	1
Financial Planning.....	1
Services Limited to Specific Types of Investments.....	2
C. Client Tailored Services and Client Imposed Restrictions .....	2
D. Wrap Fee Programs .....	2
E. Amounts Under Management .....	2
Item 5: Fees and Compensation.....	3
A. Fee Schedule .....	3
Investment Supervisory Services Fees .....	3
Financial Planning Fees .....	3
Fixed Fees .....	3
B. Payment of Fees.....	4
Payment of Investment Supervisory Fees .....	4
Payment of Financial Planning Fees .....	4
C. Clients Are Responsible For Third Party Fees.....	4
D. Prepayment of Fees .....	4
E. Outside Compensation For the Sale of Securities to Clients .....	4
1. This is a Conflict of Interest.....	5
2. Clients Have the Option to Purchase Recommended Products From Other Brokers .....	5
3. Commissions are the Primary Source of Income for this RIA.....	5
4. Advisory Fees in Addition to Commissions or Markups .....	5
Item 6: Performance-Based Fees and Side-By-Side Management .....	5
Item 7: Types of Clients .....	5
Minimum Account Size .....	6
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss .....	6
A. Methods of Analysis and Investment Strategies.....	6
Methods of Analysis .....	6
Fundamental analysis .....	6
Technical analysis.....	6
Investment Strategies.....	6
B. Material Risks Involved .....	6

Methods of Analysis .....	6
Fundamental analysis .....	6
Technical analysis .....	6
Investment Strategies .....	6
C.    Risks of Specific Securities Utilized .....	7
Item 9: Disciplinary Information .....	8
A.    Criminal or Civil Actions .....	8
B.    Administrative Proceedings .....	8
C.    Self-regulatory Organization (SRO) Proceedings .....	9
Item 10: Other Financial Industry Activities and Affiliations .....	9
A.    Registration as a Broker/Dealer or Broker/Dealer Representative .....	9
B.    Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	9
C.    Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....	9
D.    Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections .....	9
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	10
A.    Code of Ethics .....	10
B.    Recommendations Involving Material Financial Interests .....	10
C.    Investing Personal Money in the Same Securities as Clients .....	10
D.    Trading Securities At/ Around the Same Time as Clients' Securities .....	10
Item 12: Brokerage Practices .....	11
A.    Factors Used to Select Custodians and/or Broker/Dealers .....	11
1.    Research and Other Soft-Dollar Benefits .....	11
2.    Brokerage for Client Referrals .....	11
3.    Clients Directing Which Broker/Dealer/Custodian to Use .....	11
B.    Aggregating (Block) Trading for Multiple Client Accounts .....	11
Item 13: Reviews of Accounts .....	11
A.    Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	11
B.    Factors That Will Trigger a Non-Periodic Review of Client Accounts .....	12
C.    Content and Frequency of Regular Reports Provided to Clients .....	12
Item 14: Client Referrals and Other Compensation .....	12
A.    Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) .....	12
B.    Compensation to Non – Advisory Personnel for Client Referrals .....	12
Item 15: Custody .....	12
Item 16: Investment Discretion .....	13
Item 17: Voting Client Securities (Proxy Voting) .....	13
Item 18: Financial Information .....	13
A.    Balance Sheet .....	13
B.    Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	13
C.    Bankruptcy Petitions in Previous Ten Years .....	13

## Item 4: Advisory Business

### A. Description of the Advisory Firm

Crescent Hill Partners LLC is a Limited Liability Company organized in the state of New York. The firm was formed in November of 2012, and the principal owner of Crescent Hill Partners LLC is Raymond Martin.

### B. Types of Advisory Services

Crescent Hill Partners LLC (hereinafter "SHP") offers the following services to advisory clients:

#### *Investment Supervisory Services*

SHP offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SHP creates an Investment Policy Statement for each client, which outlines the client's current situation (income needs, tax rates, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

SHP evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. SHP may request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Any transactions however, would be in accordance with an agreed upon Investment Advisory Services Agreement. Risk tolerance levels including targeted allocation ranges and limits will also be documented in the Investment Policy Statement, which is given to each client.

#### *Financial Planning*

Financial planning, including in some circumstances the creation of written plans, may include but are not limited to: investment planning, cash flow management; tax planning; retirement planning; college planning; and risk management. These services are based on fixed fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

### ***Services Limited to Specific Types of Investments***

SHP generally limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, REITs, insurance products including annuities, private placements, and government securities. SHP may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

SHP offers the same suite of services to all of its clients. However, specific client recommendations and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent SHP from properly servicing the client account, or if the restrictions would require SHP to deviate from its standard suite of services, SHP reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. SHP does not directly participate in any wrap fee programs. On occasion, SHP may direct a portion of a client's portfolio to such programs.

### **E. Amounts Under Management**

SHP has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0.00	\$70,905,639.00	12/31/2013

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
\$1 - \$2,500,000	0.85%
\$2,500,001 - \$5,000,000	0.60%
Above \$5,000,000	0.40%

Investment Supervisory Services Fees are subject to a minimum annual fee of \$10,000. Fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit II of the Investment Advisory Services Agreement. Fees are paid quarterly in advance, and clients may terminate their contracts with three days' written notice. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

#### *Financial Planning Fees*

##### *Fixed Fees*

Depending upon the complexity of the situation and the needs of the client, the rate for client financial planning is between \$10,000 and \$30,000. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

The fee refunded will be the balance of the fees collected in advance minus the number of days of work completed relative to the timeframe of the agreement.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Advisory fees may also be invoiced and billed directly to the client quarterly in advance. Clients may select the method in which they are billed.

### ***Payment of Financial Planning Fees***

Fixed Financial Planning fees are paid via check in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by SHP. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

SHP collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Financial Planning Fees will be returned within fourteen days to the client via check. Investment Supervisory Fees will be deposited back into client's account within fourteen days.

The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

## **E. Outside Compensation For the Sale of Securities to Clients**

No Member of SHP receives any compensation for the sale of securities to SHP clients.



***1. This is a Conflict of Interest***

***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase any securities or products that may be recommended by SHP through other brokers or agents that are not affiliated with SHP.

***3. Commissions are not a Source of Income for this RIA***

SHP does not receive commission compensation.

***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients, because SHP does not receive such commissions or markups.

**Item 6: Performance-Based Fees and Side-By-Side Management**

SHP does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**Item 7: Types of Clients**

SHP generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

***Minimum Account Size***

There is an account minimum, \$1,000,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

SHP's methods of analysis include fundamental analysis and technical analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

SHP will execute your portfolio strategy in accordance with the guidelines outlined in your Investment Policy Statement. To the extent allowed by your personal directive, SHP uses long term trading, short term trading, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

#### *Investment Strategies*

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### C. Risks of Specific Securities Utilized

SHP generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, on rare occasions and with full client authorization it may utilize margin transactions and options writing. Short sales, margin transactions, and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy).

**Real Estate** funds face several kinds of risk that are inherent in this sector of the market. Liquidity risk, market risk and interest rate risk are just some of the factors that can influence the gain or loss that is passed on to the investor. Liquidity and market risk tend to have a greater effect on funds that are more growth-oriented, as the sale of appreciated properties depends upon market demand. Conversely, interest rate risk impacts the amount of dividend income that is paid by income-oriented funds.

**Hedge Funds** are not suitable for all investors and involve a high degree of risk due to several factors that may contribute to above average gains or significant losses. Such factors include leveraging or other speculative investment practices, commodity trading,

complex tax structures, a lack of transparency in the underlying investments, and generally the absence of a secondary market.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Private placements** carry a substantial risk as they are largely unregulated offerings not subject to securities laws.

**Precious Metal ETFs** (Gold, Silver, Palladium Bullion backed “electronic shares” not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral.

**Options writing** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

In his employment prior to SHP, in 2010 FINRA found Raymond Martin deficient in the prior firm’s compliance procedures. The matter related to the prior outside business disclosures and in no way whatsoever related to services Mr. Martin provided to any clients. Without admitting or denying the finds, Raymond Martin consented to a FINRA

proceeding in which he agreed to suspension from broker dealer activities for six months from February to August of 2012.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither SHP nor any SHP member is registered as or with a Broker/Dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SHP nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Raymond Martin is also a licensed insurance agent. SHP may offer clients insurance products. Clients should be aware that if they purchased an insurance product from SHP, such purchase could involve a commission being paid by the insurance company to SHP or its members. This activity would involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SHP representatives are required to always act in the best interest of the client, and provide full disclosure with respect to the sale of commissionable products to advisory clients. Clients are in no way required to purchase any insurance product through any representative of SHP in such individual's capacity as a licensed insurance agent.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

SHP may utilize other advisers or third party managers.

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

### **A. Code of Ethics**

SHP has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions,

Form ADV 2A Version: 4/28/2014

Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

## **B. Recommendations Involving Material Financial Interests**

SHP does not recommend that clients buy or sell any security in which a related person to SHP or SHP has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SHP may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SHP to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SHP will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of SHP may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SHP to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SHP will always transact client's transactions before its own when similar securities are being bought or sold.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Primary Custodian, Fidelity Brokerage Services LLC, (CRD# 7784), was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. SHP will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian. Fidelity may not be able to provide all desired investment vehicles for the client and therefore additional custodians may be required.

### ***1. Research and Other Soft-Dollar Benefits***

SHP receives no research, product, or services other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

### ***2. Brokerage for Client Referrals***

SHP receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

SHP allows clients to direct brokerage; however, SHP may recommend custodians. SHP may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage SHP may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

SHP maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing SHP the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly by the SHP investment committee, with regard to clients' respective investment policies and risk tolerance levels.

All financial planning accounts are reviewed upon financial plan creation and plan review by SHP and its clients.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least annually from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

SHP does not receive any economic benefit, directly or indirectly from any third party for advice rendered to SHP clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

SHP does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

SHP, with client written authority, has limited custody of client's assets through direct fee deduction of SHP's fees only. If the client chooses to be billed directly by Fidelity Brokerage Services LLC, (CRD# 7784), or any other custodian, SHP would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

For those client accounts where SHP will have investment discretion, the client has given SHP written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides SHP discretionary authority via a discretionary investment management clause in the Investment Advisory Contract and/or a limited power of attorney clause in the contract between the client and the custodian.

## **Item 17: Voting Client Securities (Proxy Voting)**



SHP will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SHP does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither SHP nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

SHP has not been the subject of a bankruptcy petition in the last ten years.