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**FORM ADV PART 2
BROCHURE**

This brochure provides information about the qualifications and business practices of Financial Security Management, Inc. If you have any questions about the contents of this brochure, please contact us at 303.988.1411. 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 Financial Security Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Financial Security Management, Inc. is 116570.

Financial Security Management, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

ITEM 2 - MATERIAL CHANGES

Summary of Material Changes

Set for below is a summary of material changes in this brochure from our last annual update. Our last annual update was dated January 28, 2014.

Switched to SEC registered investment adviser. Requirements for a federally registered adviser have been added.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer ("CCO") Roy Gibson at 303-988-1411 or rgibson@fsm-inc.com.

We encourage you to read this document in its entirety.

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ITEM 4 - ADVISORY BUSINESS

Financial Security Management, Inc. ("FSM") is a registered investment adviser based in Lakewood, Colorado. This Disclosure document is being offered to you in connection with the investment advisory services we provide. It discloses information about the services we provide and the manner in which those services are made available to you, the client. We are organized as a corporation under the laws of the State of Colorado. We have been providing investment advisory services since 1995. Messrs. Roy Gibson, Jeffrey Torrison and Jeffrey Larkin are the principal owners of our firm.

We are committed to helping clients build, manage, and preserve their wealth, and to provide assistance to clients to help achieve their stated financial goals. We may offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and FSM execute an engagement letter or client agreement.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Financial Security Management, Inc., and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

Investment Management and Supervision Services

We offer discretionary and non-discretionary investment management and investment supervisory services for a fee based on a percentage of your assets under management. These services include investment analysis, allocation of investments, quarterly portfolio statements and ongoing monitoring services for the portfolio.

We determine your portfolio composition based on your needs, portfolio restrictions, if any, financial goals and risk tolerances. We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This enables us to determine the portfolio best suited for your investment objective and needs.

In performing our services, we shall not be required to verify any information received from you or from other professionals. If you request, we may recommend and/or engage the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional.

Once we have determined the types of investments to be included in your portfolio, and allocated them, we will provide ongoing portfolio review and management services. Allocations may be made among funds within the same family or group of mutual funds or among different mutual fund families. Funds to be managed by our firm may be invested by establishing an account registered in your own name with Pershing, LLC a subsidiary of The Bank of New York Mellon Corporation. This approach requires us to review your portfolio at least quarterly.

We will rebalance the portfolio, as we deem appropriate, to meet your financial objectives. Our advisory services are tailored to meet your individual needs. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

While our advisory services are tailored to you as an individual, when using mutual funds this multi-fund manager approach makes it difficult for us to ensure that your portfolio will not invest in a particular industry or security. However, we are happy to discuss your preferences regarding socially conscious investment concerns and, we'll try as much as possible, to accommodate them.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do not and will not have custody of your funds or securities.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that may adversely affect an account's performance. This could result in capital losses in your account.

For assets held in a 401k account through your employer, we may offer non-discretionary management. In these accounts the client retains the rights to direct the investment. Our supervision and management shall be limited to recommending the potential purchase of investments for your account or sale of investments in your account, which in each case we believe in good faith would be appropriate for your account in light of the agreed-upon investment objectives and restrictions. Client acknowledges that Client is solely responsible for all purchases and sales made in the Client's Account.

Financial Planning Services

Financial advisory services provided by us may include the analysis of your situation and assistance in identifying and implementing appropriate financial planning and investment management techniques to help you meet your specific financial objectives. Such services may include a written financial analysis and specific or general investment and/or planning recommendations.

In preparing your financial plan, we may address five areas of financial planning. These include: financial planning, money management, tax, legal and insurance orchestration.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals.
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management and estate planning.
- Create a unique plan for each goal you have including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession and other personal goals.
- Develop of a goal oriented investment plan around tax suggestions, asset allocation, expenses, risk and liquidity factors for each goal. This includes IRA and qualified plans, taxable and trust accounts that require special attention.
- Design a complete risk management plan including risk tolerance, risk avoidance, mitigation and transfer, including liquidity as well as various insurance and possible company benefits.
- Craft and implement, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death.
- Generate a retirement plan, risk management plan and succession plan for your business, if applicable.

Tax Preparation and Bookkeeping

We also offer tax preparation. These services include;

- Individual Tax Preparation and Planning
- Business Start Up, Counsel and Corporate Taxes
- Income, Gift and Estate Tax Returns
- Representation Before the IRS
- Relocation Tax Issues

Our bookkeeping services include:

- Profit/Loss and Balance Sheet Preparation
- Payroll Preparation
- Sales Tax Computation
- Business Consulting

Insurance

Financial Security Management is a licensed insurance agency with the State of Colorado. As such, certain Investment Adviser Representatives' ("IAR") of FSM will be compensated for selling insurance products to clients to whom our investment advisory services are offered. A portion of our IAR's time is spent in connection with these activities.

Consulting Services

We also provide clients investment advice on a more limited basis on one or more isolated areas of concern such as estate planning, real estate, retirement planning, or any other specific topic. Additionally, we may provide advice on non-securities matters in connection with the rendering of estate planning, insurance, real estate, and/or annuity advice.

Wrap Fee Programs

We do not place client assets into a wrap fee program.

Assets

As of December 31, 2014, we have \$81,716,435 assets under discretionary management. We have \$18,924,230 non-discretionary assets under management.

ITEM 5 - FEES AND COMPENSATION

Investment Management Fees and Compensation

We charge a fee as compensation for providing Investment Management services on your account. These services include advisory and consulting services, trade entry, investment supervision, and other account maintenance activities. The custodian may charge custodial fees, transaction costs, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below.

In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12 (b) (1) fees and other mutual fund annual expenses as described in the fund's prospectus.

These fees are independent of our fees and should be disclosed by the custodian or contained in each fund's prospectus. You should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

The fees for accounts are based on an annual percentage of assets under management and are applied to the account asset value on a pro-rated basis, billed quarterly in advance. The initial fee will be based upon the date the account is accepted for management by execution of the advisory agreement by FSM or when the assets are transferred through the last day of the current calendar quarter. Thereafter, the fee will be based at each previous quarters month end. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances.

Thereafter, the fee will be based on the market value of the account on the last day of the previous calendar quarter and will cover the period from the first day of the calendar quarter through the last day of the calendar quarter. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances. Margin debit balances do not reduce the value of assets under management.

Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. Fees will generally follow the schedule of assets under management outlined below. In certain circumstances at our discretion, we may allow you to negotiate fees.

ASSETS UNDER MANAGEMENT	ANNUAL PERCENTAGE
\$0 to \$19,999	.05%
\$20,000 to \$250,000	2.00%
\$250,001 to \$500,000	1.00%
\$500,001 to \$1,000,000	0.80%
\$1,000,001 to \$2,000,000	0.60%
\$2,000,001 to \$5,000,000	0.40%
OVER \$5,000,000	NEGOTIABLE

At our discretion, we may add (aggregate) asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We may do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a reduced advisory fee based on the asset levels available in our fee schedule.

You authorize us to debit your account quarterly for our fee. The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us.

You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement at least quarterly directly to you indicating all the amounts deducted from the account including our advisory fees. You are encouraged to review your account statements for accuracy.

The advisory agreement may be terminated by either party at any time. The agreement shall be deemed terminated at the close of the business day next following the first full business day following our receipt of notice. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Financial Planning Fees

Our firm also provides financial plans consistent with your individual financial and risk/reward objectives. Planning may focus on investments, insurance, taxes and/or estate plans. Our fees for services are computed at the hourly rate of \$100.00 based on the number of hours expended by our firm. Fees are negotiable.

We may collect a portion of the estimated fee in advance as a retainer and will bill for actual hours in arrears of the project. The fee is for a financial plan which is a one-time service. You are encouraged to update financial plans on an annual basis. Our fee for a financial plan is in addition to commissions to be received for implementing any recommendations made under the plan. Fees in excess of \$500 or more are not collected for services to be performed more than six months in advance.

After we evaluate your short-term cash needs and emergency fund, we will design investment and insurance strategies to help you achieve your financial goals. Casualty insurance (e.g. homeowners, auto, liability, etc.) are reviewed only at your request and would be provided by an outside casualty firm.

The agreement may be terminated by either party at any time by sending to the address of the other party notice of termination by regular U.S. Mail. The agreement shall be deemed terminated at the close of the business day next following the first full business day following our receipt of notice through the U.S. Mail. A refund of the unearned fees will be made based on time and effort expended before termination. The Agreement terminates upon delivery of the financial plan. After the financial plan has been delivered no refunds will be made, and all fees are due and payable.

Insurance

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. We provide various Life, Health, Accident, Disability and Long-Term care insurance products based on your individual needs and objectives. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. These commissions are not negotiable. Commissions are payable and submitted with the respective insurance companies' application. Refunds and terminations are governed by the contracts of the respective insurance companies.

This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Tax Preparation and Bookkeeping

Fees for these services are negotiated on a case by case basis and are separate from the fees you are charged for investment advisory services. You are not obligated to use our firm for tax preparation or bookkeeping services.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others.

Advisory fees payable to us do not include the fees you may pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you may pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management.

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), and/or Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account)
- Custodial Fees;
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Fees on existing variable annuities that may have been subject to trailing service fees, deferred sales charges, and mortality and expense fees;
- Fees on Mutual fund assets deposited in the account that may have been subject to deferred sales charges and 12 (b) (1) fees and other mutual fund annual expenses as described in the fund's prospectus.

For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the Fees and Compensation section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

ITEM 7 - TYPES OF CLIENTS

We offer investment advisory services to individuals. There is no minimum account size; however we do impose a minimum annual fee of 1/2 of 1% (0.5%).

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Modern Portfolio Theory (MPT) is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets. Market risk applies to MPT. Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Custodians will default to the FIFO accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend mutual funds however; we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the funds, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, we are 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 when investing in securities through FSM.

You should be aware that your account is subject to the following risks:

- **Stock Market Risk** – The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.
- **Managed Portfolio Risk** – The manager's investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.
- **Industry Risk** – The portfolio's investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- **Non-U.S. Securities Risk** – Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political and economic instability.
- **Emerging Markets Risk** – To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

- **Currency Risk** – The value of your portfolio's investments may fall as a result of changes in exchange rates.
- **Interest Rate Risk**. The value of fixed income securities rises or falls based on the underlying interest rate environment. If rates rise, the value of most fixed income securities could go down.
- **Credit Risk**. Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.
- **Inflation Risk**. Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- **ETF and Mutual Fund Risk** – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs 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. Clients may also incur brokerage costs when purchasing ETFs.
- **Management Risk** – Your investment with us 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

Our firm has been registered and providing investment advisory services since 1995. Neither our firm nor any of our associated persons has any reportable disciplinary information.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker Dealer

We are not a broker/dealer, but our IARs are registered representatives of National Planning Corporation ("NPC"), or NPC of America (in the states of Florida and New York), a full service broker-dealer, member FINRA/SIPC, which compensates them for effecting securities transactions. When placing securities transactions through NPC in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of NPC and FSM, NPC has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. NPC and FSM are not affiliated companies. IARs of FSM spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, NPC engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by FSM or its IARs, investments in securities may be recommended for clients. If NPC is selected as the broker-dealer, NPC and its registered representatives, including IARs of FSM, may receive commissions for executing securities transactions. When IARs of FSM receive commissions in connection with the advice given to our advisory clients, FSM may reduce a portion of its fees by the amount of the commissions earned by FSM's IARs.

You are advised that if NPC is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of FSM or NPC.

FSM may provide advice regarding investment company securities (mutual funds). You should be aware that, in addition to the advisory fees you pay FSM each Investment Company also pays its own separate investment advisory fees and other expenses. Such fees and expenses are disclosed in the mutual fund's

prospectus. In addition, clients should be aware that mutual funds may be purchased separately independent of the investment management services of FSM.

Moreover, you should note that under the rules and regulations of FINRA, NPC has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require NPC to coordinate with, and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than NPC. Accordingly, NPC may limit the use of certain custodial and brokerage arrangements available to clients of FSM and NPC may collect, as paying agent of FSM, the investment advisory fee remitted to FSM by the account custodian. NPC may retain a portion of the investment advisory fee you pay, as a charge for the functions it performs, and such portion may be further re-allowed to other registered representatives of NPC. The charge will not increase the brokerage charges to you or the fee you have agreed to pay FSM.

IARs of FSM may, in their capacity as registered representatives of NPC, or as agents appointed with various life, disability or other insurance companies, receive commissions, 12(b)-1 fees, fee trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. As previously noted, when commissions or fees are received by our IARs in connection with the advice given to advisory clients, FSM may, but is not obligated to, reduce its fee proportionate to the amount of the commission or fee earned by our IARs. However, clients should note that they are under no obligation to purchase any investment products through a FSM affiliated company or its IARs.

Insurance

Persons associated with our firm are also licensed as insurance agents. Therefore these persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

Real Estate

Our firm has an ownership interest in Financial Security Reality, LLC, a real estate brokerage firm. We will recommend that you use the services of Financial Security Reality, LLC, if appropriate and suitable for your needs. Our advisory services and fees are separate and distinct from the compensation paid to Financial Security Reality, LLC for their services. You are under no obligation to use the services of Financial Security Realty, LLC

Computer Hosting

Persons associated with our firm have an ownership interest in Financial Security Hosting, LLC, a computer hosting company and devotes a limited amount of time to this company each month. Clients may be referred to the computer hosting company if appropriate for their needs. You are under no obligation to use the services of Financial Security Hosting, LLC. Our advisory services and fees are separate and distinct from the compensation paid to Financial Security Hosting, LLC for their services.

Other Affiliated Businesses

Persons associated with our firm have an ownership interest in FSM Holdings, LLC and Financial Security Holdings, LLC. FSM Holdings, LLC and Financial Security Holdings, LLC, own the office building where Financial Security Management, Inc. is located in addition to other businesses, including Eagle Home Mortgage Group., an unaffiliated mortgage broker. There is no common ownership between Eagle Home Mortgage Group and our firm and we do not share any fees or compensation with Eagle Home Mortgage Group. We may recommend the services of Eagle Home Mortgage Group to you if you are in need of mortgage services however you are under no obligation to use their services and we do not receive any

form of compensation for the referral.

ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

FSM and associated persons are allowed to invest for their own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflicts of interest.

We have developed and implemented a Code of Ethics policy that sets forth standards of conduct expected of our IAR's to avoid this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information, and other situations where there is a possibility for conflicts of interest.

The Code of Ethics is designed to protect our clients by deterring misconduct, educating personnel regarding the firm's expectations and laws governing their conduct, reminding personnel that they are in a position of trust and must act with complete propriety at all times, protecting the reputation of FSM, guarding against violation of the securities laws, and establishing procedures for personnel to follow so that we may determine whether our personnel are complying with the firm's ethical principles.

All IAR's are required to report to the Firm's Chief Compliance Officer initial and annual holdings and quarterly transactions in reportable securities, as defined in the Code and the Chief Compliance Officer is responsible for reviewing such reports. The Code also sets forth general standards of conduct and practices to be followed by all personnel to minimize conflicts of interest, including restrictions on gifts to or from brokers, clients and others, restrictions on service on the boards of other companies, restrictions on participation in investment clubs and policies designed to prevent personal trading conflicts. In addition, the Code (including the Firm's Insider Trading Policy Statement) includes provisions designed to prevent and enforce the Firm's strict policy against the misuse of material non-public information by all personnel. The Firm's Chief Compliance Officer is responsible for the oversight and administration of the Code.

All associated persons sign a letter of acknowledgment that they have read the Personal Trading Policy, fully understand it and will abide by it at all times while under the employ of FSM.

We have established the following restrictions in order to ensure our fiduciary responsibilities to you are met:

1. A director, officer or employee of FSM shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No director, officer or employee of FSM shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of FSM.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We emphasize the unrestricted right of the client to select and choose any broker-dealer (except in situations where we are granted discretionary authority) he or she wishes.
5. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; attn.: Chief Compliance Officer.

ITEM 12 - BROKERAGE PRACTICES

We recommend the brokerage and custodial services of National Planning Corporation a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that National Planning Corporation provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by National Planning Corporation, including the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services National Planning Corporation provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

We routinely recommend that you direct our firm to execute transactions through National Planning Corporation (NPC). As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services.

Persons providing investment advice on behalf of our firm who are registered representatives of National Planning Corporation will recommend National Planning Corporation to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from National Planning Corporation unless National Planning Corporation provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through National Planning Corporation. It may be the case that National Planning Corporation charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through National Planning Corporation, these individuals (in their separate capacities as registered representatives of National Planning Corporation) may earn commission-based compensation as result of placing the recommended securities transactions through National Planning Corporation. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. However, if you do not use National Planning Corporation, we may not be able to accept your account. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

Block Trades

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading") because we primarily invest in Mutual Funds which do not trade in blocks. Any other securities transactions will be done individually and not as block trades.

Trade Errors

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy 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 will be 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 will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

ITEM 13 - REVIEW OF ACCOUNTS

Account Reviews and Reviewers – Investment Supervisory Services

We will review individual portfolios at least annually. Portfolios will be reviewed by the advisory representative assigned to your account. Roy D. Gibson, Jeffrey S. Larkin or Jeffrey S. Torrison, shareholders of the firm will review client accounts on a periodic basis. Accounts will be reviewed to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

The Custodian will provide quarterly statements of the assets in your Account, the purchase date, the cost and the current market value for the period (or since the opening of the Account). The quarterly fee will be reflected on the periodic account statement provided by the Custodian. The Custodian will make available to you a statement no less than quarterly showing all amounts paid from the Account including all management fees paid by Custodian to FSM. In case of an error in such reports, you shall notify FSM promptly, and FSM will use good faith efforts to make corrections to such reports in a timely manner. Additionally, FSM will send the Client a notice of amount invoiced and billed as part of its quarterly reporting. You are urged to compare the reports provided by FSM against the account statements you receive directly from your account custodian.

Financial Planning/Consulting clients (i.e. those who have no assets under management with us in our advisory program) will receive no regular reports from the Firm.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

As disclosed under the "Other Financial Industry Activities and Affiliations" section in this Brochure, persons providing investment advice on behalf of our firm are registered representatives with NPC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor

Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Other Financial Industry Activities and Affiliations" section.

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 advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

FSM is deemed to have custody of client funds and securities whenever FSM is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody FSM 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 FSM is deemed to have custody, the firm has 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 FSM. When clients have questions about their account statements, they should contact FSM or the qualified custodian preparing the statement.

When fees are deducted from an account, FSM is responsible for calculating the fee and delivering instructions to the custodian. At the same time FSM instructs the custodian to deduct fees from the client's account; FSM will send the client an invoice itemizing the fee. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

ITEM 16 - INVESTMENT DISCRETION

Prior to engaging FSM to provide investment advisory services, clients enter into a written Agreement with FSM granting the firm the authority to supervise and direct, on an on-going basis, investments- in accordance with the client's investment objective and guidelines. Clients will also execute any and all documents required by the Custodian so as to authorize and enable FSM, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your account. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any investment company registered under the Investment Company Act of 1940 and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing.

The limitations on investment and brokerage discretion held by FSM for you are:

1. For discretionary clients, we require that it be provided with authority to determine which securities and the amounts of securities to be bought or sold, as well as the broker-dealer to be used and the commission rates to be paid.
2. Any limitations on this discretionary authority shall be included in this written authority statement. You may change/amend these limitations as required. Such amendments shall be submitted in writing.

In some instance, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

Research products and services received by us from broker-dealers will be used to provide services to all our clients.

ITEM 17 - VOTING YOUR SECURITIES

Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

ITEM 18 - FINANCIAL INFORMATION

We are not required to provide our corporate financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.