

**Andesa Financial Management, Inc.**  
**Form ADV Part 2A**  
**Investment Adviser Brochure**

**March 2015**

This brochure provides information about the qualifications and business practices of Andesa Financial Management, Inc. If you have any questions about the contents of this brochure, please contact Paul Barbehenn, Principal and Chief Compliance Officer at 610.841.5351 and/or paul.barbehenn@andesafm.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. Registration as an investment advisor does not imply any level of skill or training.

Additional information about Andesa Financial Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number, Andesa Financial Management, Inc.'s CRD Number is 131702.

1011 Brookside Road, Suite 150  
Allentown, PA 18106  
610.841.5351  
paul.barbehenn@andesafm.com  
www.andesafm.com

## **Item 2: Summary of Material Changes**

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### **Annual Update**

In this Item of Andesa Financial Management, Inc.'s (Andesa) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated March 10, 2014.

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

Since the last Annual Amendment filing, the Firm has the following material changes to report:

- As of December 31, 2014, David Leber has retired from the Firm. He remains a minority shareholder.

### **Full Brochure Available**

Andesa's Form ADV may be requested at any time, without charge by contacting Paul Barbehenn, Principal and Chief Compliance Officer at 610.841.5351 or [paul.barbehenn@andesafm.com](mailto:paul.barbehenn@andesafm.com).

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## **Item 4: Advisory Business**

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### **Firm Description**

Andesa is an investment adviser. Andesa provides investment advisory services to individuals, trusts, estates, charitable organizations and corporations, as described below.

Andesa was founded in 2009 under its former name, Leber-Andesa Advisors, Inc. The Firm has changed its name to Andesa Financial Management, Inc.

### **Principal Owners**

Andesa is owned by several individuals, primarily members of the management team. Andesa's primary owners include Paul Barbehenn, and Michael Baittinger – all management team members. Malcolm Briggs and David Leber are both minority non-management owners.

### **Types of Advisory Services**

Andesa provides investment advisory and financial planning services to individuals, trusts, estates, charitable organizations and corporations. Both services are tailored to the needs of the client.

### **Investment Advisory Services**

Andesa offers investment advisory services, which include selection, monitoring and review of portfolio assets on a discretionary basis. The initial step involves a meeting with the client for the purpose of defining the scope of the engagement. Once defined, the client and Andesa will enter into an Investment Advisory Agreement, disclosing the terms of the engagement and fees to be charged.

After the engagement is formalized, the client may be requested to provide Andesa with necessary financial information, including information created by other financial advisors, information on sources of income, assets owned, insurance policies owned, liabilities and wills, trusts, business agreements, tax returns, investments, and personal and family obligations. In addition, the client will be requested to provide financial goals and objectives, both long and short term.

If specified in the Investment Advisory Agreement, Andesa has the authority to rebalance the portfolio according to the client's investment objectives. Clients may place reasonable investment restrictions on their portfolios, including bans on investing in particular industries, and investing in limited amounts of securities.

### **Financial Planning**

Andesa offers financial planning services. Andesa may provide financial planning as a component of the investment advisory services described above, or as a separate fee.

Financial planning services may include a review of all aspects of a client's current financial situation, including the following components: cash management, risk

management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital needs planning. Andesa may meet with the client to review risk tolerance, financial goals and objectives, and time horizons and may prepare a written financial plan.

Financial planning services are based on the client's financial situation at the time and are based on financial information disclosed by the client to Andesa. Certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Andesa does not offer any guarantees or promises that client's financial goals and objectives will be met. Clients should notify Andesa promptly of any changes to the client's financial goals, objectives or financial situation as such changes may require a review of the plan and changes to recommendations.

### **Tailored Relationships**

As described above, Andesa tailors advisory services to the individual needs of the client.

### **Wrap Fee Programs**

Andesa does not provide portfolio management services to Wrap Fee Programs.

### **Client Assets**

As of December 31, 2014, Andesa managed \$199,462,820 million in assets; \$151,517,793 is managed on a discretionary basis and \$47,945,027 is managed on a non-discretionary basis.

## Item 5: Fees and Compensation

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### Compensation

#### Investment Advisory Services

Investment Advisory services are provided using the following annual fee schedule for fixed income, equities and mutual funds:

#### Market Value of Assets Under Management

#### Annualized Fee

First \$500,000	1.25%
Next \$500,000	1.00%
Next \$2,000,000	0.85%
Over \$3,000,000	0.70%

Separately Managed Accounts	1.50% (max per schedule)
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The annual fee is based on the net value of the portfolio; however, Andesa will charge a minimum annual fee of \$200. The applicable fee is determined for each quarter, based on the net value of the portfolio on the last business day of the previous quarter. It is calculated on a quarterly basis in advance of each quarter and deducted from the portfolio during the following month. When an portfolio is opened at the beginning of a quarter or during a quarter, the net value of the portfolio on the last business day of the quarter will be the basis for the fee for that quarter pro-rated by the number of days the portfolio has been with us to the total number of days in the quarter.

#### Financial Planning Services

Andesa may provide financial planning as a component of the investment advisory services described above, or as a separate fee. When services are provided as a separate fee, Andesa may charge fees on either an annual retainer or project basis in advance. Annual retainer fees may range from \$2,000 to \$25,000. Project fees may be charged for a specific scope and may range from \$1,000 to \$10,000.

#### Calculation and Payment

The specific manner in which fees are charged by Andesa is established in a client's written agreement with Andesa. Andesa will generally calculate fees in advance or arrears on a quarterly basis. Clients may elect to be invoiced directly for fees or authorize Andesa to directly debit fees from client accounts.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

## **Other Fees**

There are no additional types of fees or expenses that Andesa clients pay in connection with the delivery of advisory services.

## **General Information on Compensation**

In certain circumstances, all fees and account minimums may be negotiable. Andesa's fees may be negotiable based on various criteria, including, but not limited to the size of the aggregate related party portfolio size and pre-existing relationships with clients. Compensation will ultimately be based on the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

Related accounts may be linked for purposes of fee calculation if all parties agree; meaning certain accounts, approved by Andesa, may be grouped for fee calculations.

Clients are free to use any broker to implement advice provided by Andesa.

In addition to Andesa's portfolio management fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s).

Advisory fees charged by Andesa are separate and distinct from advisory fees and expenses charged by mutual funds in which client assets are invested. A complete description of these fees and expenses are disclosed in each mutual fund prospectus.

In addition to Andesa advisory fees, clients may also incur certain charges imposed by third-parties (where Andesa has no interest, except as described below) which may include the following: mutual fund or money market, 12b-1 and sub transfer fees; fund or money market management fees and administrative expenses; mutual fund transaction fees; certain deferred sales charges on previously purchased mutual funds transferred into the account; IRA and qualified retirement plan fees and other charges required by law; and trade transaction fees or ticket fees.

Andesa does not earn charge or collect any commissions relative to any transactions implemented or retain any 12-b1 fees.

Fees are not charged based on the capital gains or the capital appreciation of any funds or any part of any funds of any client in a manner prohibited by the Investment Advisors Act of 1940.

All fees paid to Andesa for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and variable annuity sub-accounts to their shareholders. These fees and expenses are described in each fund's or sub account's prospectus. These fees will generally include a management fee, other

expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund or sub-account directly, without the services of Andesa. In that case, the client would not receive the services provided by Andesa which are designed, among other things, to assist the client in determining which mutual funds or sub-accounts are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds/sub-accounts and the fees charged by Andesa to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

### **Termination**

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **Other Compensation**

Neither Andesa nor any of its employees) accept compensation for the sale of securities. As disclosed in Item 10, certain Investment Adviser Representatives receive insurance-related compensation, including compensation for the sale of fixed and equity indexed annuities, which are not securities.



## **Item 6: Performance-Based Fees and Side-by-Side Management**

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Andesa does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Andesa does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Item 7: Types of Clients

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### **Types of Clients**

As described in Item 4 above, Andesa provides investment supervisory services to individuals, trusts, estates, charitable organizations and corporations.

### **Account Minimums**

Andesa does not have a minimum account size, but charges a minimum annual fee of \$200 for each portfolio. Waivers or exceptions from minimum portfolio requirements may be granted at the exclusive discretion Andesa.

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

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### Methods of Analysis

Andesa may employ the following security analysis methods: include fundamental analysis; charting/technical analysis; and cyclical analysis.

**Fundamental Analysis.** Andesa attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is under-priced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** The terms “charting” and “technical” analysis are generally used synonymously and therefore, for the purpose of this document, the term, “technical analysis” will be used. Andesa analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, Andesa measures the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

### Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. Andesa uses active managers – either mutual funds, separately managed accounts, or a dividend stock portfolio as the core investment. Andesa then adds either actively managed mutual funds or exchange-traded funds (ETFs) as the satellite positions, designed to take advantage of shorter-term trends. Portfolios are globally diversified to control the risk associated with traditional markets.

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

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

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear.

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

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

## **Item 9: Disciplinary Information**

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There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Andesa's business.

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

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### **Financial Industry Activities**

Andesa is not registered as a broker-dealer, and none of its management persons are registered representatives of a broker-dealer.

Neither Andesa nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Affiliations – Insurance Company or Agency**

Andesa's Investment Adviser Representatives (IARs) may be appointed with several insurance companies and may be able to receive separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any company for insurance product purchases, and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from financial planning fees charged by Andesa.

### **Other Investment Advisors**

Andesa does not recommend or select other investment advisors for its clients.

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

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### **Code of Ethics**

Each employee of Andesa must comply with a Code of Ethics and Statement for Insider Trading. The Code contains provisions reasonably necessary to deter misconduct and conflicts of interest and to detect any violation. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Paul Barbehenn, Principal and Chief Compliance Officer, reviews all employee trades each quarter. His trades are reviewed by Michael Baittinger, President. These reviews ensure that personal trading does not affect the markets, and that clients of the Firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

All employees of Andesa must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of Andesa's Code of Ethics by contacting Paul Barbehenn at 610.841.5351.

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

Andesa and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. These trades may not occur ahead of client trades. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Andesa will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Andesa's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Andesa and its clients.

## **Participation or Interest in Client Transactions – Financial Interest and Principal/Agency Cross**

Andesa and its employees do not recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

It is Andesa's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. Andesa will also not cross trades between client accounts

## **Participation or Interest in Client Transactions**

Andesa and its employees may buy or sell securities that are also held by clients. Employees comply with the provisions of Andesa's Code of Ethics.

## **Participation or Interest in Client Transactions - Aggregation**

Andesa and its employees do not trade in the same securities with client accounts on an aggregated basis.



## **Item 12: Brokerage Practices**

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### **Research and Other Soft Dollar Benefits**

Andesa does not receive soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Brokerage – Other Economic Benefits”.

### **Brokerage for Client Referrals**

Andesa does not receive client referrals from broker/dealers.

### **Directed Brokerage**

Andesa generally advises portfolios on a discretionary basis only. Andesa retains the contractual right to choose which broker-dealer to use. However, Andesa consults with the client before using any broker-dealer, or changing any broker-dealer.

The factors considered in selecting brokers are as follows: philosophy in accordance with our philosophy regarding clients and investment advice, fees associated with the various types of portfolios, performance reporting capabilities, variety of portfolios available, trust service, and investment options.

Andesa typically uses RJFS as its broker-dealer. Andesa utilizes investment advisory programs offered through Raymond James & Associates, (RJA). Andesa is not under obligation to use solely RJFS as its broker-dealer or the programs offered through RJA.

While Andesa may at times recommend brokers, the client shall direct Andesa in writing to use a particular broker or dealer to execute transactions for client’s portfolio, of which the client will negotiate terms and arrangements with that broker or dealer. Andesa will not seek better execution services or prices from other brokers or dealers and as a result, client could pay higher commissions, other transaction costs, greater spreads, or receive less favorable net prices on transactions for client’s portfolio than would otherwise be the case.

Andesa and its principals and advisor representatives do not share in any of the commissions, transaction fees or service fees that may be received by RJFS.

### **Brokerage – Best Execution**

Andesa seeks best execution when effecting transactions for client accounts. Although there is no fixed manner to determine whether a particular broker provides best execution, the following factors may be relevant:

1. Competitive fees for comparable execution and services rendered from other brokers for similar transactions
2. Access to the trading desk
3. Difficulty of order
4. Broker's distribution network
5. Willingness of broker to commit its own capital to work difficult orders, and

6. Broker's level of accuracy in executing, reporting and settling transacted orders.

### **Brokerage – Other Economic Benefits**

Andesa may have the opportunity to receive traditional “non-cash benefits” from RJFS such as customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk servicing advisors exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client portfolios; ability to have investment advisory fees deducted directly from client portfolios; access to an electronic communication network for client order entry and portfolio information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of industry communications; and perhaps discounts on business-related products.

RJFS may also provide general access to research and perhaps discounts on research products. Any research received is used for the benefit of all clients. Andesa has no written or verbal arrangements whereby it receives soft dollars. While Andesa endeavors at all times to put the interest of the clients first as part of its fiduciary duty, clients should be aware that the receipt of any additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

### **Trade Aggregation**

At the sole discretion of Andesa, aggregate purchases or sales of the same security, instrument or obligation may be transacted on the same day for multiple accounts of one or more of Andesa’s clients. Currently, Andesa only aggregates sales. Although such aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when Andesa believes that to do so will be in the best interest of the affected accounts. When transactions are so aggregated the actual prices applicable to the aggregation transaction will be deemed to have purchased or sold its share of the security, instrument or obligation at the average price. If a partial execution is attained at the end of the trading day, Andesa will generally allocate shares on a pro rata basis, but may fill small orders entirely before applying the pro rata allocation.

## Item 13: Review of Accounts

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### Reviews

Andesa provides investment supervisory services or investment advisory services. Andesa reviews all of client's relevant information, including investment portfolios. The individuals doing these reviews are Paul Barbehenn, Principal and Chief Compliance Officer, and Michael Baittinger, Principal. The portfolios are generally reviewed as a team.

Portfolios are generally monitored on a quarterly basis, however reviews could also occur at the time of new deposits, material changes in client's financial information, changes in economic cycles, at Andesa's discretion, or as often as the client directs. Reviews entail analyzing securities, sensitivity to overall markets, economic changes, investment results and asset allocation, etc., to ensure the investment strategy and expectations are structured to continue to meet clients' objectives.

A typical review includes analyzing securities, sensitivity to overall markets, economic changes, investment results and asset allocation, etc., to ensure the investment strategy and expectations are structured to continue to meet clients' objectives. In the case of mutual funds, Andesa will generally perform a global review of economic changes and fund performance in and of each particular fund, and how it relates to its peers and the general market, adherence to style, equity style box and any manager changes.

At the inception of the client relationship, Andesa gathers information from the client as to the investment goals, objectives and management policies applicable to the client's investment portfolio. A written proposal is prepared, which covers the following areas, (as applicable): a review of the client's circumstances, the purpose of the portfolio and its time horizon, portfolio goals, tax considerations, investor goals, investment policy objectives, anticipated liquidity needs, investment philosophy and proposed asset allocation, investment selection, constraints, risk tolerance, monitoring intervals, and portfolio loans, as applicable.

Clients are obligated to promptly notify Andesa of any changes in the client's financial status to ensure that investment strategies continue to meet the client's changing needs.

Clients' accounts are reviewed regularly; formal reviews, including contact with clients, typically occur at least annually.

### Review Triggers

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

### Reporting

Andesa prepares quarterly reports which generally include holdings, performance and market information to Investment Management clients. Andesa may prepare reports or communications related to investment advisory services or as may be requested by clients.

Each month, the custodian provides clients with an account statement for each client account, which may include individual holdings, cost basis information, deposits and withdrawals, accrued income, dividends, and performance. In addition, the custodian provides clients with trade confirmations for each position bought and sold.

### **Financial Planning – Reviews and Reporting**

The initial financial plan is included as a component of the financial planning service. Clients may receive updated financial plans for a separate fee.

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

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### **Compensation – Client Referrals**

Andesa does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

### **Other Compensation – Brokerage Arrangements**

See disclosure under Item 12, Brokerage Practices, regarding compensation, including economic benefits received in connection with giving advice to clients.

## Item 15: Custody

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### **Custody – Fee debiting**

The client agreement authorizes Andesa to deduct advisory fees directly from the client's account at the custodian. With the exception of the ability to debit client account for advisory fees, Andesa does not and will not have custody of clients' funds or securities. Client assets shall be held in the custody of a bank, trust company or brokerage firm agreed upon by the client and Andesa.

Andesa sends information to the custodian including the amount of the advisory fee, the value of the client's assets on which the advisory fee was based, and the specific manner in which the advisory fee was calculated.

The custodian sends monthly statements to the client indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Andesa.

### **Custody – Account Statements**

As described in Item 13, Review of Accounts, clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian (custodian) that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that Andesa provides to you. Andesa statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16: Investment Discretion

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Through the investment management agreement, Andesa may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows Andesa to execute trades on behalf of clients.

When such limited powers exist between the Andesa and the client, Andesa has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, Andesa may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to Andesa in writing.

However, Andesa consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

## **Item 17: Voting Client Securities**

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Andesa does not have any authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies; clients receive these proxies directly from either custodians or transfer agents.

If requested, Andesa may provide advice to clients regarding proxy votes. If any conflict of interest exists, it will be disclosed to the client. Clients may contact Paul Barbehenn, Principal and Chief Compliance Officer, at 610.841.5351 for information about Andesa's proxy policies.



## Item 18: Financial Information

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Andesa has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Andesa is not required to provide a balance sheet; Andesa does not require or solicit prepayment of fees of more than \$1,200 per client, **and** six months or more in advance.

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**Andesa Financial Management, Inc.**  
**Form ADV Part 2B**  
**Investment Adviser Brochure Supplement**

**Supervisor: Paul Barbehenn**

**Supervisor of:**  
Michael Baittinger

**March 2015**

This brochure supplement provides information about Andesa Financial Management, Inc.'s Supervised Persons that supplements Andesa Financial Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Paul Barbehenn, Principal and Chief Compliance Officer at 610.841.5351 and/or [paul.barbehenn@andesafm.com](mailto:paul.barbehenn@andesafm.com) if you did not receive Andesa Financial Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Andesa Financial Management, Inc.'s Supervised Persons is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each Supervised Person.

1011 Brookside Road, Suite 150  
Allentown, PA 18106  
610.841.5351  
[paul.barbehenn@andesafm.com](mailto:paul.barbehenn@andesafm.com)  
[www.leberandesa.com](http://www.leberandesa.com)

## Educational Background and Business Experience

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### Education and Business Standards

Andesa requires that advisers in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisers must have work experience that demonstrates their aptitude for financial planning and investment management.

### Supervised Persons

**Paul C. Barbehenn**  
**CRD# 4246485**

Born 1978

Andesa Financial Management, Inc.  
(formerly known as Leber-Andesa Advisors, Inc.)  
Principal and Chief Compliance Officer

2010 – Present

Andesa Strategies, Inc.  
(and its predecessor company The Andesa Corporation)  
Principal and Chief Compliance Officer

2001 – 2009

Andesa Investment Solutions, Inc.  
Principal and Chief Compliance Officer

2004 – 2009

American Express Financial Advisors  
Financial Planner

2000 – 2001

### Education

BA Economics and Political Science, Penn State University

### Professional Designations

Certified Financial Planner, CFP®  
CFA Charter holder

**Michael D. Baittinger**  
**CRD# 2832152**

Born 1971

Andesa Financial Management, Inc.  
(formerly known as Leber-Andesa Advisors, Inc.)  
Principal

2010 – Present

Andesa Strategies, Inc.  
Principal

2006 – 2009

Andesa Investment Solutions, Inc.  
Principal

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## **Education**

BA Religion, Bucknell University

## **Professional Designations**

Certified Financial Planner, CFP®  
Chartered Financial Consultant, ChFC  
Certified Fund Specialist, CFS

## **Professional Certifications**

Andesa's Supervised Persons maintain professional designations, which require the following minimum requirements:

### **CFA - Chartered Financial Analyst**

**Issued by:** CFA Institute

**Prerequisites/Experience Required:** Candidate must meet one of the following requirements:

- Undergraduate degree and 4 years of professional experience involving investment decision-making, or
- 4 years qualified work experience (full time, but not necessarily investment related)

**Educational Requirements:** Self-study program (250 hours of study for each of the 3 levels)

**Examination Type:** 3 course exams

**Continuing Education/Experience Requirements:** None

### **ChFC - Chartered Financial Consultant**

**Issued by:** The American College

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- 3 years of full-time business experience within the five years preceding the awarding of the designation

**Educational Requirements:** 6 core and 2 elective courses

**Examination Type:** Final proctored exam for each course

**Continuing Education/Experience Requirements:** 30 CE credits every 2 years

**CFP® - Certified Financial Planner**

**Issued by:** Certified Financial Planner Board of Standards, Inc. (CFP Board)

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience (or the equivalent, 2,000 hours per year)
- Agree to be bound by the CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals

**Educational Requirements:** Candidate must complete a CFP-board registered program, or hold one of the following:

- CPA
- ChFC
- Chartered Life Underwriter (CLU)
- CFA
- Ph.D. in business or economics
- Doctor of Business Administration
- Attorney's License

**Examination Type:** CFP Certification Examination

**Continuing Education/Experience Requirements:** Candidate must complete the following ongoing education and ethics requirements:

- 30 hours every 2 years, including 2 hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*
- Renew an agreement to be bound by the *Standards of Professional Conduct*

**CFS – Certified Fund Specialist**

**Prerequisites/Experience Required:** None

**Educational Requirements:** Candidate must complete the following:

- 6 modules

**Examination Type:** 50 questions, 3 exams; 2-5 page written case study

**Continuing Education/Experience Requirements:** None

## Disciplinary Information

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Neither Andesa nor any supervised persons have been involved in any activities resulting in a disciplinary disclosure.

## Other Business Activities

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Disclosure on outside business activities is provided in Item 10 – Other Financial Industry Activities and Affiliations. These outside business activities do not create a material conflict of interest with clients.

As disclosed in Item 6 – Performance-based Fees and Side-by-Side Management, neither Andesa nor any supervised persons receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

Several of Andesa's Supervised Persons may be engaged in additional outside business activities other than those disclosed in Item 10 – Financial Industry Activities and Affiliations.

Michael Baittinger is a Partner with LAGR Properties, LLC. Michael Baittinger's duties include acquisition of real estate, contracting for rehabilitation, rental, etc. Michael Baittinger spends less than 5% of his time on this activity.

Michael Baittinger and Paul Barbehenn are equal partners in Brainerd Partners. Brainerd Partners acquires real estate for rehabilitation and rental, etc. They each spend less than 5% of their time on this activity.

Michael Baittinger may also be appointed with several insurance companies and may be able to receive separate compensation for transactions implemented through various insurance companies. Insurance compensation will be separate and distinct from fees charged by Andesa.



## **Additional Compensation**

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No Supervised Person receives any economic benefit outside of regular salaries or bonuses, except as described in Form ADV Part 2A, Item 12.

## Supervision

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Paul Barbehenn, Principal and Chief Compliance Officer, supervises all persons named in this Form ADV Part 2 Investment Adviser Brochure Supplement. Paul Barbehenn supervises these persons by holding regular staff, investment and other ad hoc meetings. In addition, Paul Barbehenn regularly reviews client reports, emails, and trading, as well as employees' personal securities transaction and holdings reports. Paul Barbehenn may be reached at 610.841.5351.