

Firm Brochure
(Part 2(A&B) of Form ADV)

Capital Financial Services, LLC
Prof. Bldg. 133 Saratoga Rd.
Scotia, NY 12302
Phone: (518) 399-3903
Fax: (518) 399-4303
www.capitalfinancialservicesllc.com

This brochure provides information about the qualifications and business practices of Capital Financial Services, LLC. If you have any questions about the contents of this brochure, please contact us at: (518) 399-3903, or by email at: info@capitalfinancialservicesllc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Capital Financial Services, LLC is available on the SEC's website at www.adviserinfo.sec.gov

October 16, 2017

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually, or when material changes occur since the previous release of this brochure.

Material Changes since the Last Update

Removed an employee, Kevin McLoughlin, CFP®

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (518) 399-3903 or by email at: info@capitalfinancialservicesllc.com.

Table of Contents

Material Changes.....	i
Annual Update	i
Full Brochure Available	i
Advisory Business	1
Firm Description.....	1
Principal Owners.....	1
Types of Investment Advisories	2
Tailored Relationships	2
Types of Agreements.....	2
Financial Planning Agreement	2
Investment Advisory Agreement	3
Tax Preparation Agreement.....	4
Hourly Planning Engagements	5
Asset Management.....	5
Termination of Agreement	5
Fees and Compensation	6
Description	6
Fee Billing	6
Other Fees.....	6
Expense Ratios.....	7
Past Due Accounts and Termination of Agreement	7
Performance-Based Fees	7
Sharing of Capital Gains	7
Types of Clients.....	8
Description	8
Account Minimums.....	8
Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Methods of Analysis	8
Investment Strategies	9
Risk of Loss	9

Disciplinary Information	10
Legal and Disciplinary.....	10
Other Financial Industry Activities and Affiliations	10
Financial Industry Activities.....	10
Affiliations	10
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	11
Code of Ethics.....	11
Participation or Interest in Client Transactions.....	11
Personal Trading.....	11
Brokerage Practices.....	11
Selecting Brokerage Firms.....	11
Best Execution	12
Soft Dollars	12
Order Aggregation	12
Errors.....	12
Review of Accounts	12
Review Triggers	13
Regular Reports.....	13
Client Referrals and Other Compensation	13
Incoming Referrals.....	13
Referrals Out	13
Other Compensation.....	13
Custody.....	14
Account Statements.....	14
Performance Reports.....	14
Investment Discretion.....	14
Discretionary Authority for Trading.....	14
Limited Power of Attorney	14
Voting Client Securities	15
Proxy Votes	15

Financial Information	15
Financial Condition	15
Business Continuity Plan	15
General	15
Disasters	15
Alternate Offices	16
Loss of Key Personnel	16
Information Security Program.....	16
Information Security	16
Privacy Notice	17
Brochure Supplement (Part 2B of Form ADV)	17
Education and Business Standards	18
Professional Certifications	18
William C. Jerome, CFP®.....	19
Scott P. Strohecker, BA, EA	20

Advisory Business

Firm Description

Capital Financial Services, LLC, was founded in 2000. Currently we have one financial planner, one tax specialist, and two support staff, an office manager and a receptionist.

Capital Financial Services, LLC provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Capital Financial Services, LLC is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Investment advice is an integral part of financial planning. In addition, Capital Financial Services, LLC advises clients regarding cash flow, risk management, college planning, retirement planning, tax planning and estate planning.

Investment management is provided, with Capital Financial Services, LLC making the decisions on investment selection. Capital Financial Services, LLC does not act as a custodian of client assets. The client always maintains asset control. Capital Financial Services, LLC places trades for clients under a limited power of attorney. We always act as fiduciaries in our relationships with our clients.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the event they should occur.

We offer an initial consultation for \$75, which has no time limit. During that meeting we review the client's income, expenses, assets, and liabilities, and we discuss their goals, problems, and why they came to us. The \$75 fee is waived for prospects who become clients.

Principal Owners

William C. Jerome, CFP® is the only stockholder.

Types of Investment Advisories

Capital Financial Services, LLC provides investment supervisory services, also known as asset management services, and furnishes investment advice through consultations.

On more than an occasional basis, Capital Financial Services, LLC furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, education, insurances, retirement, and estate planning. We are not lawyers and do not provide legal advice. If our client needs an attorney and does not have one, we may recommend someone we feel is appropriate to their needs. We never take compensation for any referrals.

As of 12/31/2016, Capital Financial Services, LLC manages approximately \$58.7 million in assets for 188 clients. All are managed on a discretionary basis, and none is managed on a non-discretionary basis.

We do not offer or participate in any 'wrap fee' programs.

Tailored Relationships

The goals and objectives for each client are documented in our files. Clients may impose restrictions on investing in certain securities or types of securities. The primary approach used on client accounts is determined by the allocation between equity (stock), income (debt and other income securities) and cash. We determine this based on our conversations with the client, and expect them to change over time. The primary factors are the size of the client's assets compared to the expected cash flows needed from those assets, now and in the future. Portfolios are globally diversified to control the risk associated with traditional markets. We also frequently use a questionnaire to gain insight into the client's risk tolerance.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client should inform us of any changes that might required changing strategies.

Other investments may include long-term purchases, short-term purchases, open and closed end mutual funds, ETF's (Exchanged Traded Funds), margin transactions (rarely and usually only for cash flow issues), and option writing (including covered options, uncovered options or spreading strategies).

Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

Financial Planning Agreement

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed. We sometimes contract to do a less-than-comprehensive plan to

cover a specific issue; we quote an hourly rate of \$120 with a project-based plan minimum of \$500.00. This rate will rise to \$240/hour on January 1, 2018.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations may be provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

The fee for a financial plan is predicated upon the facts known at the start of the engagement. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Follow-up and implementation work is billed separately at the rate of \$120 per hour. This rate will rise to \$240/hour on January 1, 2018.

Investment Advisory Agreement

Most clients choose to have Capital Financial Services, LLC manage their assets in order to obtain ongoing in-depth advice. All aspects of the client's financial affairs are reviewed, including those of their children. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

An Investment Advisory Agreement is provided to the client in writing prior to the start of the relationship. It specifies the scope of the relationship with the client.

The annual Investment Advisory Agreement fee is based on a percentage of the managed assets according to the following schedule:

- 1.00% on the first \$1,000,000;
- 0.75% on the next \$4,000,000 (from 1,000,001 to 5,000,000); and
- 0.50% on the assets above \$5,000,000.

There is no minimum annual fee. Current client relationships may exist where the fees are higher or lower than the fee schedule above. We do not charge for accounts we are not managing (i.e. have a limited power of attorney in place to monitor and trade in the account). We don't require that we manage all available assets of a client.

Although the Investment Advisory Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value on the last day before termination is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Capital Financial Services, LLC sends out a quarterly bill showing account value at the end of the previous quarter (close of business at the end of March, June, September, and December) and the amount billed. The brokerage firm at which the account is maintained sends out a statement, usually monthly, showing the account value and all transactions, including disbursement of the investment advisor's management fee. Annual reporting includes complete income tax information where appropriate, as well as performance reports. Other reports are provided as needed or requested by the client.

Tax preparation work is not performed as an integral part of the Investment Advisory Agreement.

Tax Preparation Agreement

Tax preparation work performed separately from an Investment Advisory Agreement is billed at a rate of \$120 per hour. Minimum fee for tax preparation is usually \$120; however most returns will be billed at higher rates. In 2016 our average fee was \$260, and the range was \$25 to \$3,420. There are no written agreements for tax preparation, the 'agreement' is oral.

We prepare Federal and state tax returns for some of our clients, and we have some clients where tax preparation is the only work we do for them. Fees are based on an hourly estimate and are usually quoted in advance. Eligible federal and applicable state returns are filed electronically without an additional fee. We may pass on software charges from our software provider (currently Intuit). Currently this only happens with trust and estate returns (Form 1041) and some corporation returns (Form 1120S). We do not do Refund Anticipation Loans. We usually provide a firm quote in advance.

Hourly Planning Engagements

Capital Financial Services, LLC provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$120. This rate will rise to \$240/hour on January 1, 2018.

Asset Management

Assets are invested in individual securities, usually stocks and bonds or mutual funds. A discussion of strategies appears later, under 'Investment Strategies'.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Capital Financial Services, LLC does not receive any compensation, in any form, from fund companies or brokerage houses.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, ETF's investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships, and open and closed mutual funds.

Initial public offerings (IPOs) are not available through Capital Financial Services, LLC.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying Capital Financial Services, LLC in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Capital Financial Services, LLC will refund any unearned portion of the advance payment.

Capital Financial Services, LLC may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Capital Financial Services, LLC will refund any unearned portion of the advance payment.

Fees and Compensation

Description

Capital Financial Services, LLC bases its fees on a percentage of assets under management, hourly charges, or fixed fees.

Financial plans are priced according to the degree of complexity associated with the client's situation.

Fees are not negotiable.

Fee Billing

Investment management fees are billed quarterly, in arrears, meaning that we invoice you after the three-month billing period has ended. Fees are deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account. Payment in full is expected upon invoice presentation.

As an example, a 1% annual fee is calculated quarterly by billing $\frac{1}{4}$ of 1% of the account balance at the close of the previous quarter. So for an account with a balance of \$100,000 on 12/31 we would bill the account in January for \$250, which would be paid to us by the broker and shown on the January statement.

Fees for financial plans are usually billed 50% in advance, with the balance due upon delivery of the financial plan. Some small projects may be billed only on completion. Tax returns are billed on completion.

Other Fees

The custodians charge for stock and bond transactions. We use discount brokers to minimize these fees. For bonds, we frequently buy from dealers who can provide securities not otherwise available on the market, or at better prices than the market price. TD Ameritrade charges a \$25 'trade away' fee for these transactions. There is no charge from the dealer beyond their mark up. Capital Financial Services, LLC receives no compensation for these transactions.

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Capital Financial Services, LLC. Mutual funds, including ETF's, may be used to enhance diversity, or to provide exposure to assets otherwise not available.

Past Due Accounts and Termination of Agreement

Capital Financial Services, LLC reserves the right to stop work on any account that is more than 30 days overdue. In addition, Capital Financial Services, LLC reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Capital Financial Services, LLC's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 10 days.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Capital Financial Services, LLC does not use a performance-based fee structure because of the potential conflicts 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.

Types of Clients

Description

Capital Financial Services, LLC generally provides investment advice to individuals, individual trusts, estates, small corporations or business entities.

Client relationships vary in scope and length of service.

Account Minimums

We try to discourage accounts under about \$20,000 due to the difficulties in diversifying them. For smaller accounts we may use mutual funds to increase diversity; the client would then incur the costs of the expense ratios of these mutual funds.

Capital Financial Services, LLC has the discretion to waive the account minimum. Smaller accounts may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total over \$20,000 within a reasonable time. Other exceptions will apply to employees of Capital Financial Services, LLC and their relatives, or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods are based on fundamental analysis.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Capital Financial Services, LLC may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Investor's Business Daily web site, and YCharts Research Platform.

Investment Strategies

Our investment approach is to determine the rate of return necessary to reach the financial goals of the client. This usually involves getting a good understanding of the client's financial situation. We also look at the investment environment, meaning are interest rates high or low, is the stock market high or low, what are the expectations for the economy of the country, and increasingly, of the world. We then decide what portion of the account should be in stocks, what portion in income assets and in cash. Frequently the conclusion is 100% equity. We choose securities looking to diversify across industry and size. We also look for unique companies with promising prospects. We look for 'growth at a reasonable price', usually defined as companies with growth rates (earnings and revenue) over 25% a year, and price-to-earnings ratios under 13. We also look at the company's business to see if it makes sense, or if some new technology might make them obsolete.

International investing adds the risks of currency changes, accounting differences, and increased political upheaval but also can often provide better returns in faster growing parts of the world. Some international exposure is usually appropriate.

Risk of Loss

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 today will not buy as much as a dollar next year, 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.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Capital Financial Services, LLC is NOT registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor, nor do we ever intend to so register.

Affiliations

Capital Financial Services, LLC has NO arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The employees of Capital Financial Services, LLC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Capital Financial Services, LLC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades (see Order Aggregation). Employees comply with the provisions of the Capital Financial Services, LLC *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of Capital Financial Services, LLC is William C. Jerome. He reviews all employee trades each quarter. His trades are reviewed by Scott P. Strohecker. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

Capital Financial Services, LLC does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. Capital Financial Services, LLC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. Currently we use TD Ameritrade for our client assets.

Capital Financial Services, LLC recommends discount brokerage firms and trust companies (qualified custodians), such as TD Ameritrade. Capital Financial Services, LLC is an advisor with TD Ameritrade.

Capital Financial Services, DOES NOT receive fees or commissions from any of these arrangements.

Best Execution

Capital Financial Services, LLC reviews the execution of trades at each custodian each year. The review is documented in the Capital Financial Services, LLC *Compliance Manual*. Trading fees charged by the custodians are also reviewed on a quarterly basis. Capital Financial Services, LLC does not receive any portion of the trading fees.

Soft Dollars

Capital Financial Services, LLC uses no soft dollar benefits, such as research paid for by the broker or discounts on software.

Order Aggregation

We try to insure that client account transactions will be executed ahead of employee's transactions, if the same security is involved and if such transactions would occur within three days of each other.

As an alternative, any employee's transactions can be executed at the same time as client account transactions if they are all part of the same block trade, allocated so that clients and employees all receive the same price.

We use block accounts in most cases to insure that all of our clients buying or selling a specific security get the same (average) price of the block. This removes any conflicts arising from allocating specific share prices to specific clients.

Errors

If a trading error occurs that would cause a loss in a client's account, Capital Financial Services, LLC will have the loss moved to the business error account and ultimately will pay for the error. If a trading error occurs that would cause a gain in a client's account, the gain is left in that account. If a trading error occurs that is not associated with a particular client (such as a block trade), and a loss is incurred, the loss will go to the error account and be paid for by the business. If a gain is incurred, the profit will go to the error account, and be donated to a charitable organization designated by Capital Financial Services, LLC.

Review of Accounts

Account reviews are performed quarterly by William C. Jerome. All securities are reviewed usually weekly. Accounts are reviewed for correct cash levels for the clients' income needs, and all positions are reviewed as to suitability based on the client's goals, investing time frame, age, and risk comfort. We try to review each account with the client yearly.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, market conditions, news about a particular company, and changes in a client's own situation.

Regular Reports

Capital Financial Services, LLC sends out a quarterly bill showing the account value at the end of the previous quarter (close of business at the end of March, June, September, and December) and the amount billed. The brokerage firm at which the account is maintained sends out a statement, usually monthly, showing the account value and all transactions, including disbursement of the investment advisor's management fee. We encourage our clients to compare the billing calculation with the custodian's statement both as to the quarter ending amount billed on and the amount actually withdrawn on the following statement. Annual reporting includes complete income tax information where appropriate, as well as performance reports. Other reports are provided as needed or requested by the client.

Client Referrals and Other Compensation

Incoming Referrals

Capital Financial Services, LLC has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals beyond a 'Thank You' card. We occasionally receive referrals from the NAPFA (National Association of Personal Financial Advisors) web site and the FPA web site of which we are paid members.

Referrals Out

Capital Financial Services, LLC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

There is no other compensation paid to anyone outside of the company for client referrals.

Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Currently we are using TD Ameritrade. Clients should review these carefully.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the annual performance report statements provided by Capital Financial Services, LLC.

Investment Discretion

Discretionary Authority for Trading

Capital Financial Services, LLC accepts discretionary authority to manage securities accounts on behalf of clients. Capital Financial Services, LLC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. Capital Financial Services, LLC does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly act to manage your assets. Without discretion we would have to contact each client before making a block trade, which would be very impractical.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved. The Limited Power of Attorney is part of the broker's account application.

Voting Client Securities

Proxy Votes

Capital Financial Services, LLC does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, Capital Financial Services, LLC will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Financial Information

Financial Condition

Capital Financial Services, LLC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Capital Financial Services, LLC does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Business Continuity Plan

General

Capital Financial Services, LLC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic

files are backed up weekly and archived offsite. There is also a continuous duplicate copy mode on a mirrored hard drive.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

Capital Financial Services, LLC has signed a Business Continuation Agreement with another financial advisory firm to support Capital Financial Services, LLC in the event of William C. Jerome's serious disability or death.

Information Security Program

Information Security

Capital Financial Services, LLC maintains an information security program to reduce the risk that your personal and confidential information may be breached. Our web site (www.capitalfinancialservicesllc.com) does not contain any of our clients' personal information.

Privacy Notice to Our Customers

THIS NOTICE IS FOR YOUR INFORMATION. NO RESPONSE IS REQUIRED.

Capital Financial Services, LLC strongly believes in protecting the confidentiality and security of information we collect about you. In this notice, "we" refers to Capital Financial Services, LLC and its employees. This notice describes our privacy policy and describes how we treat the information we receive ("Information") about you.

Why We Collect and How We Use Information: We collect and use Information for business purposes with respect to our relationships involving you. These business purposes include financial planning in all of its aspects, investment management, advising our clients, processing transactions requested by them, and income tax return preparation. We may also use Information to offer you other services we provide.

How We Collect Information: We get most Information directly from you. The Information that you give us when applying for our services generally provides the Information we need. Information collected may relate to your finances, employment, health, avocations or other personal characteristics as well as transactions with us or with others.

How We Protect Information: We treat Information in a confidential manner. Our employees are required to protect the confidentiality of Information. Employees may access Information only when there is an appropriate reason to do so, such as to administer or offer our services. We also maintain physical, electronic and procedural safeguards to protect Information; these safeguards comply with all applicable laws. Employees are required to comply with our established policies.

Information Disclosure: We may disclose any Information when we believe it necessary for the conduct of our business, or where disclosure is required by law. For example, information may be disclosed to others to enable them to provide business services for us, such as performing general administrative activities for us, and assisting us in processing a transaction requested by you. Information may also be disclosed for audit or research purposes; or to law enforcement and regulatory agencies, for example, to help us prevent fraud. We do not make any other disclosures of Information to other companies who may want to sell their products or services to you. For example, we will not sell your name to a catalog company. If we wish to ask you for a reference, we will contact you and receive your prior permission each time.

Access to and Correction of Information: Upon your written request, we will make available Information for your review. If you notify us that the Information is incorrect, we will review and correct it.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

Capital Financial Services, LLC requires that advisors 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, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board (www.cfp.net).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Enrolled Agent (EA): Enrolled Agents are enrolled by the Internal Revenue Service and authorized to use the EA designation. EA enrollment requirements:

- Successful completion of the three-part IRS Special Enrollment Examination (SEE), or completion of five years of employment by the IRS in a position which regularly interpreted and applied the tax code and its regulations.
- Successfully pass the background check conducted by the IRS.

William C. Jerome, CFP®

Educational Background:

- Date of birth: February 26th, 1952
- BS in Political Science, Rensselaer Polytechnic Institute, 1974
- MS in Urban & Environmental Science, RPI, 1975

Business Experience:

- Systems programmer from 1977 to 1990.
- Started Fee Only Financial Planning and Investment Management business under his name, December 1990 through May of 2000.
- Incorporated Capital Financial Services, LLC in May of 2000

Disciplinary Information: None.

Other Business Activities: None

Supervision: As the owner, effectively none.

Additional Compensation: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

Scott P. Strohecker, BA, EA

Educational Background:

- Date of birth: June 20, 1991
- BA in Economics, Minor in Mathematics, Union College, 2013
- Enrolled Agent September 1, 2016

Business Experience:

- Employed by Capital Financial Services, LLC in June, 2014
- Conway Freight, from July 2013 to June, 2014

Disciplinary Information: None.

Other Business Activities: None

Supervision: Scott P. Strohecker is supervised by William C. Jerome, Owner

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None