

Item 1 - Cover Page

COMPASS FINANCIAL ADVISORS, LLC

FORM ADV – PART 2A INFORMATION

March 21, 2017



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This Brochure provides information about the qualifications and business practices of Compass Financial Advisors, LLC (“Compass”) (CRD No. 109131). If you have any questions about the contents of this Brochure, please contact us at (219) 476-7100. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Compass, including a copy of its Form ADV Part 1, is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes To This Brochure Since Its Last Annual Update

Annual Update

The Firm Brochure will be updated annually or when material changes occur since the last update.

Material Changes since the Last Update

- In Item 4, a Managing Member was added to the management team
- Non-Discretionary Management has been added to in Items 4, 5 and 15.
- In Item 5, refunds will be given to terminated accounts on a pro rata basis.
- The Methods of Analysis and Risk of Loss sections were expanded in Item 8.
- The Code of Ethics, Participation or Interest in Client Transactions and Personal Trading was expanded in Item 11.
- The Trade Error Policy and Broker Dealer selection sections were expanded in Item 12.
- Brad Stark is now serving as the Chief Compliance Officer.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact Bradley Stark by telephone at: 513-629-2881, or by e-mail at: bstark@graydon.com.

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Item 4 - Advisory Business

Firm Description

Compass Financial Advisors, LLC ("Compass" or the "Adviser") is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). Individuals associated with Compass provide the advisory services on behalf of the firm. These individuals are appropriately licensed, qualified and authorized to provide advisory services on Compass' behalf and are called Investment Adviser Representatives ("Representatives"). Compass has been offering advisory services since November 1998. The membership interests in Compass are owned by Bruce Patterson, James Bobos, David Fought and Compass Financial Holdings, LLC, a holding company, which is owned by Louis J. Rogers and James A. Riggs. Compass does not control any other firm. Compass makes both investment management and counseling services available to a wide variety of clients. Compass Representatives begin each advisory service by carefully examining the client's investment objectives and financial circumstances. During this stage, time is taken to educate clients about the various features of different types of investments to make them aware that attempting to attain a higher rate of return entails accepting higher levels of risk. It is the client's responsibility to ask questions if there is something the client does not understand. Once this initial evaluation is complete, Compass Representatives will recommend one or more of the advisory services described in detail below.

Compass' Representatives may place advisory clients in wrap fee programs which mean the fee charged is all inclusive ("Wrapped") to cover the transaction costs. The total wrap fee is retained by the Representative and Compass for the investment advisory services provided. A non-wrapped advisory account will be charged an advisory fee and transaction costs are also passed along to the client. The methods in which the wrap and non-wrap accounts are managed may be similar (i.e. same types of investments offered or advice given) but differ in pricing methods. Additional details about Compass' wrap fee service is described in a separate Form ADV, Part 2A "Wrap Fee" Appendix 1 Brochure.

Fundamental Planning Services

This service begins by a Representative evaluating the financial objectives and circumstances of a client, determining the client's short and long-term needs, analyzing alternate strategies, then drafting written financial plans that may be simple or complex. The service may involve a one-time project or a long-term ongoing engagement. These services are designed for situations where there is not a large dollar amount of investments to manage or where the planning project issues are complex or dealing with issues outside the area of portfolio management. General areas addressed by planning services may include funding retirement income, wealth accumulation and retention, general cash flow planning, estate planning, business continuation planning, pension planning and deferred compensation planning.

In designing a fundamental Plan, regardless of the complexity, Representatives will:

1. Interview the client, analyze the client's financial needs and assist the client in developing realistic goals and objectives based on information provided by the client. The Representative may also clarify planning problems and outline strategies designed to be solutions. A client may retain Compass to perform a single nonrecurring project, such as investment research or specific investment advice, retirement planning or insurance

analysis, rather than preparing a comprehensive plan covering these and other subjects. The client may also engage a Representative for projects that may take a long period of time if more complex long-term planning is needed.

2. Prepare a written Financial Plan in the scope requested by a client based on the information gathered during the client interview and needs evaluation. This Plan may include establishing a clear set of objectives, an outline of resources, a written investment policy statement, an asset allocation model, strategy recommendations, product recommendations, and steps for implementing the Plan.
3. Help the client implement the Plan, including purchasing and/or selling securities and/or insurance products. Review the Plan periodically, no less than annually, or as agreed upon with the client.

The Representative may also, as needed, recommend changes to the client's investment portfolio or Plan, either in writing or verbally. Changes in the client's financial condition, personal circumstances, goals, or general economic conditions may trigger changes in the Plan. To the extent material changes have occurred to a client's circumstances or goals, or to the extent a client requests a new project, the client will be asked to sign a new services agreement. The client may initiate contact with a Representative as often as needed and the Representative will schedule conferences as needed, usually no less than annually.

All planning is based on information provided by the client. It is the client's responsibility to be certain Compass has current and accurate information for the initial plan and it is the client's responsibility to inform the Representative of material changes affecting the investments and planning strategies implemented.

Asset Allocation and Portfolio Supervision Services

Compass and its Representatives can provide asset allocation and portfolio management services under the firm's Asset Allocation and Portfolio Supervision program. The services include investment analysis, allocation of investments, quarterly portfolio statements, ongoing monitoring, and formal reviews of the portfolio at the times Representatives select.

Through the program, clients receive investment analysis, allocation recommendations, monthly or quarterly statements reflecting holdings and transactions, quarterly analysis statements, and ongoing monitoring services for a portfolio which may include stocks, bonds, mutual funds, exchange-traded funds, private placements, and convertible securities. Compass may also recommend the use of third-party investment managers and, depending upon the services agreement signed, the Adviser may have authority from the client to exercise discretion in hiring and terminating a manager. Accounts are restricted from buying, selling, or holding positions in so called Class C (level load) mutual fund shares. All eligible securities can be bought in an Asset Allocation and Portfolio Supervision account or transferred into the account.

Under the program, the initial asset allocation process is based on the financial information gathered from the client including net worth, risk tolerance, financial goals and objectives and overall financial conditions. Based on that information, the client is provided with investment recommendations designed to provide an appropriate asset mix consistent with the client's

objections. The client's portfolio and its performance are monitored by the client's Representative in light of the client's stated goals and objectives. The frequency of these reviews is determined by the Representative. Depending on the type of services agreement signed by the client, Compass may have discretion to place orders at will, and will do so without first contacting the client for permission for a transaction. Compass Representatives meet with the client on an as needed basis to discuss the portfolio or other aspects of the service.

The Adviser typically recommends that investment management clients use the custody services of Pershing LLC ("Pershing"). Pershing provides custody of client assets, process transaction orders for client accounts, prepare account activity statements, and facilitate the payment of advisory fees due Compass and third-party managers.

As a general rule, the Adviser believes that investing is best suited to those who believe in a long-term buy-and-hold policy. Therefore, clients should not expect frequent investment changes in the portfolio. However, as a result of monitoring the account, portfolio modifications may occasionally be advisable and made.

Please Note: This is not a "wrap" fee program. Commissions will be charged for transactions by the brokerage firm processing the transactions. Wrap account services are available from Compass and described in Compass' Form ADV Part 2A Appendix 1.

As of December 31, 2016, Compass had assets of approximately \$195,000,000 under discretionary management and none under non-discretionary management.

Independent Investment Manager Services

Representatives may choose to recommend the use of third party managers that perform allocation modeling, investment selection, monitoring, rebalancing and reporting. Fees to Compass for such services, including those for monitoring the other managers' services, are usually calculated as a percentage of the assets under management.

Compass may enter into various agreements with unaffiliated investment managers who independently offer investment management and asset allocation services. Compass will not conduct a comprehensive search for such advisers, but will usually recommend those it is familiar with and believes will provide competent investment management services to clients. Other independent firms may provide services at higher or lower costs and have better or worse performance than managers recommended by Compass. Once a client has selected a manager, Compass provides the manager with information regarding the client's financial background and objectives. The client then enters into an agreement with the manager resulting in the manager agreeing to manage the client's account on a discretionary basis. Compass, itself, may also enter into such agreements, provided a client has granted discretion to Compass to do so. Using discretion, the managers purchase and sell securities without first contacting the client or Compass to do so.

After referring a client to a third party manager, Compass consults periodically with a client regarding the performance of the client's managed account and assists the client on an ongoing basis regarding adjustments to asset allocations and other matters. Compass usually does not recommend replacement of a manager based upon short-term results but will recommend such changes when it deems it appropriate to do so.

Retirement Plan Advisory Services

These Services are provided to plan sponsors needing assistance in selecting and evaluating investments for their retirement plan and participants. Plan set-up services are available at least semi-annually, or more frequently if requested by a sponsor, Compass will perform a portfolio evaluation to determine how well plan investments are performing. Compass Representatives also provide general advice to plan participants regarding the nature of investments available in the plan and regarding alternative investment strategies to select to attempt to achieve different investment objectives.

Compass may enter into agreements with employers that provide qualified retirement plans (the “Plan”) with various advisory services. Compass can provide the following services:

Investment Advice to the Employer at a Plan Level – annually, or more often if requested by the client or deemed necessary by Compass, Compass will deliver a written report to the Plan which includes:

1. Review of the Plan’s Investment Policy Statement, including assessing the following: (a) the criteria for selecting money managers and the due diligence procedures that the Plan followed in selecting its money managers and/or mutual funds; (b) the basis for asset mix and rebalancing limits; (c) the performance measurement criteria; (d) monitoring procedures of money managers and other investment-related vendors; (e) composition and relevancy of quarterly performance reports; (f) composition of custodial reports; and (g) termination procedures for money managers.
2. Review of providers (custodians and recordkeeping) available to the Plan including: (a) the capabilities of various providers; (b) the performance record of various providers; (c) the scope of investment choices at various providers; and (d) the cost of various providers.
3. Review of the Plan’s overall investment activities for possible conflicts of interests or prohibited transactions by the fiduciary, money managers and/or consultants.
4. Review, if applicable, of the Plan’s socially responsible investment objectives.

Periodically as requested by the client, or deemed necessary by Compass, Compass will conduct a fund/portfolio review (either alone or with the Plan’s investment policy committee) to include:

1. Portfolio design and asset allocation recommendations for at least five various investment models designed with (a) varying time horizons, (b) risk tolerance, and (c) investment return objectives;
2. The appropriateness of the managers/funds relative to the Plan’s asset allocation within each model and relative to the criteria set forth in the Plans Investment Policy Statement;
3. Current performance of each of the managers/funds against their appropriate peer group and relevant industry benchmark; and

4. Investment education for the participants of the Plan, including having a Representative available semi-annually, (or more often if agreed upon by the client and Compass) in person and daily by phone or email for the purpose of providing general investment education to participants of the Plan. The education will be given based on information about the participant given voluntarily by the participant to the Representative about (a) the participant's goals, (b) the participant's investment time horizons, (c) the participant's risk tolerance and experience with investments, (d) the participant's resources, and (e) the market and investment opinions of Compass and the client's Representative. Participants are required to make the final investment decisions regarding the choice of investment, amount of investment and timing of investment that fits their goals.

All advice provided by Compass and its Representatives is based upon the reliability of the data provided to Compass by the Plan and the Plan participants.

Either the client or Compass may at any time request an audit of the Plan by an independent certified public accountant, the fee for such audit will be paid by the party making the audit request.

Other Services

Managed Non-Discretionary Assets

In addition to providing investment management of client assets on a discretionary basis, Compass, for a separate and additional fee, provides certain limited services to clients with respect to "Managed Non-Discretionary Assets." These services consist solely of the following:

Compass is available to consult with the client at the times Representatives select (or more often if requested by the client) regarding the Managed Non-Discretionary Assets. However, the client is solely responsible for all decisions and consequences on the client's Managed Non-Discretionary Assets, including decisions on whether to retain or sell all or a portion of the Managed Non-Discretionary Assets. This responsibility remains solely with the client regardless of whether any security is reflected on account reports prepared by the Adviser.

Compass is available to service Managed Non-Discretionary Assets, such as setting up and monitoring regular distributions and special one-time distribution requests.

The Adviser can process any trades on the Managed Non-Discretionary Assets, but only when requested to do so by the client. Upon receipt of any client's written request, Compass will endeavor, but cannot guarantee, that any such transaction will be effected on the day received or at any specific time or price.

Limitations for Non-Discretionary Assets

Clients that engage the Adviser on a non-discretionary investment advisory basis must be willing to accept that Compass cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Compass will be unable to effect any account transactions (as it would for its discretionary accounts) without first obtaining the client's consent.

Item 5 - Fees and Compensation

Fees paid to Compass are for Compass advisory services only. The fees do not include, for example, the fees charged by third parties such as third-party managers, or accountants and attorneys assisting with providing the client with accounting and legal advice. Commissions on transactions and other account fees will also be charged by brokerage firms in accordance with the account's brokerage firm's normal commission schedule. See Item 12, Brokerage Practices. Customary commissions on insurance are also not included.

Prospective clients should be aware that in addition to Compass's advisory fees, each mutual fund in which a client's assets are invested also pays its own advisory fees and other internal expenses which already have been deducted from the fund's reported performance. Depending on the fund, a client may be able to invest directly in the shares issued by the fund with or without incurring any sales or third-party management fees. Account maintenance fees are also deducted by the custodian.

In addition, there are tax effects pertaining to fund share redemptions, and other sales, made by Compass on behalf of clients. Redemptions and sales are taxable events which may accelerate the recognition of capital gains, and losses, and frequent redemptions and sales may result in short-term, rather than long-term, capital gains and losses.

Fundamental Planning Services Fee

Fees may be charged for services on a fixed project or on an hourly basis. The standard hourly rate is as follows:

Service Provider	Hourly Fee
Clerical	\$65
Paraplanner	\$100
Advisory Representative	\$150
Advisory Representative, CFP	\$250

These hourly rates may be negotiated, but they may not exceed \$250 per hour.

Fixed fees, or project fees, are determined by the Representative by estimating the complexity of the client's circumstances, the level of skill required to perform the service, and the amount of time that will be required in research, analysis and Plan preparation. The exact fee is disclosed to the client prior to contract signing.

A fifty percent ("50%") deposit of the estimated fee is payable upon commencement of services with the balance due upon delivery of the written Plan. Payment arrangements are detailed in a formal client services agreement which is prepared for each client. The fee may be waived in whole or in part by the Representative if, in the course of implementing a Plan, the client purchases securities or insurance products that pay a commission to the Representative sufficient to compensate the Representative for his/her time and skill. Waiving the fee is at the sole discretion of Compass and its Representatives. Both parties may terminate this Agreement at any time upon ten (10) days written notice to the other. UNDER NO CIRCUMSTANCES WILL

COMPASS REQUIRE PREPAYMENT MORE THAN SIX MONTHS IN ADVANCE AND IN EXCESS OF \$1,200. Any unearned prepaid fee is returned to the client upon termination.

The fees described above may change based on special situations such as an expansion of a project, increase in the number of reviews, more specialized needs of the client, more complex planning, or more detailed reporting. If such a change is required, the client is given 30 days' prior written notice and agrees to such changes by signing a new Services Agreement or an amendment thereto.

Asset Allocation and Portfolio Supervision Services Fee – Discretionary

Fees payable for Asset Allocation and Portfolio Supervision program services will be calculated as a percentage of the total value of investments under management as set forth below. In addition to this advisory fee, there will be transactional, administrative, servicing fees and commissions.

Market Value of Assets	Annual Rate
\$0 - \$500,000	2.00%
\$500,001-\$1,000,000	1.50%
\$1,000,001-\$3,000,000	1.00%
Over \$3,000,000	0.65%

Managed Non-Discretionary Assets

Fees payable for Asset Allocation and Portfolio Supervision program services will be calculated as a percentage of the total value of investments under management as set forth below. In addition to this advisory fee, there will be transactional, administrative, servicing fees and commissions.

Market Value of Assets	Annual Rate
\$0 - \$500,000	2.00%
\$500,001-\$1,000,000	1.50%
\$1,000,001-\$3,000,000	1.00%
Over \$3,000,000	0.65%

Asset Allocation and Portfolio Supervision Services Fee and Non-Discretionary Billing

In some cases, fees may be negotiated. All fees are specified in each client's services agreement. Advisory fees are payable monthly, in advance and are calculated on the basis of the market value of the investments in the account including any balances held in money market funds. The fee for the initial partial month is waived entirely. Subsequent fees are charged in advance starting with the first complete month and are based on the market value of the account as of the last day of the most recently completed month. Upon termination of the account, any prepaid advisory fees will be refunded on a pro rata basis.

Clients should also be aware that certain management service programs require payments for services on a quarterly basis, on the same basis as specified above for monthly fees, except that all fees for partial quarters are prorated.

Fees payable to Compass are deducted from the client's account when due. Compass will liquidate money market shares to pay the fee and, if money market shares or cash value are not available, other investments will be liquidated. Authorization for the automatic deduction of fees from the account is contained in the Services agreement. The invoice sent to the custodian shows the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated. The client's periodic portfolio statements from the custodian disclose all amounts disbursed from the account, including advisory and service fees paid. The client may terminate the authorization for automatic deduction of advisory fees payable to Compass at any time by notifying Compass in writing. Compass has the right to modify the fee schedule upon 30 days advance notice to the client.

Any client services agreement may be terminated by a client without penalty upon delivery of written notice to Compass within five business days after the date of the client's execution of the Client Services Agreement.

Independent Third-Party Manager Services Fee

In return for providing Independent Third-Party services, Compass usually receives a percentage of the asset-based fee charged by the independent third party adviser. Fees are negotiable and typically range from .65% to 2.50%, depending upon size and type of portfolio, in accordance with the fee schedule set forth below. However, depending upon the terms of the contract, Compass may collect the manager's fee as a portion of the total fee Compass charges to a client.

Value of Assets	Annual Fee
\$0 - \$500,000	2.50%
\$500,001-\$1,000,000	2.00%
\$1,000,001-\$3,000,000	1.50%
\$3,000,001-\$10,000,000	1.00%
Over \$10,000,000	0.65%

Fees are payable monthly, or quarterly, in advance as specified in the services agreement.

The terms of the agreements used by third-party management service providers vary from firm to firm with respect to service level, fees, termination provisions and custodial arrangements. Before entering into any service contract with a third party investment adviser, clients are encouraged to carefully review that firm's Form ADV, Part II, and compare the service levels and fees to other available service providers.

In some cases, when a client uses the services of an independent investment manager, that manager may choose to implement securities transactions through Harbour Investments, Inc. (Harbour Investments"), resulting in commissions to Harbour Investments. A portion of those commissions may be returned to the Compass Representative registered as securities representatives for Harbour Investments. Thus, when recommending certain programs,

Compass' Representatives have a conflict of interest since they know they will be receiving commissions as a result of the recommended manager's transactions.

Retirement Plan Advisory Services Fee

In return for providing Retirement Plan services, Compass will charge an annual fee based on a percentage of the value of Plan assets as set forth below. The fee is negotiable but will generally conform to the following schedule:

Asset Levels	Annual Fee
\$0 - \$500,000	1.00%
\$500,000 - \$1,000,000	0.90%
\$1,000,000 - \$1,500,000	0.80%
\$1,500,000 - \$2,000,000	0.70%
\$2,000,000 - \$2,500,000	0.60%
\$2,500,000 - \$3,000,000	0.50%
\$3,000,000 - \$4,000,000	0.40%
\$4,000,000 - \$5,000,000	0.30%
\$5,000,000 - \$10,000,000	0.20%
\$10,000,000 - \$100,000,000	0.10%
\$100,000,000 - \$500,000,000	0.05%

An additional fee based on the percentage of assets of the Plan is charged to participant assets in any of the Compass managed model portfolios.

The fee is payable in arrears on a monthly or quarterly basis, as determined in advance between Compass and the client, and is based on the average value of the Plan assets for each month. (In some instances the fee may be based upon month-end values.) The fee will be assessed and deducted from participant accounts. A sale of holdings in the participant accounts to provide the fee will be made on a prorated basis of the approximate value of the various investments in the account.

The client or Compass may terminate the services agreement upon thirty (30) days' advance written notice to the other. Termination will not affect the liabilities or obligation of the client for work already completed. The fee will be pro-rated based on the number of days left in the billing period.

Additional Information Regarding Fees

The Adviser fees are negotiable and arrangements with any particular client may differ from those described above. Although the Adviser believes that its fees are competitive, clients should understand that lower fees for comparable services may be available from other sources and firms.

The fees charged the Adviser do not include charges imposed by third parties such as custodian fees and mutual fund fees and expenses. Client assets may also be subject to transaction costs, retirement plan administration fees (if applicable), deferred sales charges on mutual funds

initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Client assets invested in mutual funds will be subject to certain fees and expenses imposed directly by mutual funds to their shareholders, which are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the sponsor also imposes sales charges, a client may pay initial or deferred sales or surrender charges. These fees and expenses are separate from and in addition to the fees charged by Compass. Accordingly, the client should review the fees charged by any mutual funds in which the client's assets are invested, together with the fees charged by Compass, to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. Additionally, clients may incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by Compass. Compass does not share in any of these fees but may elect at the firm's option, to bear the cost of certain transactions under certain circumstances. Please refer to Item 12 of this Brochure entitled "Brokerage Practices" for additional important information about the brokerage and transactional practices of Compass.

Important Considerations

Compass employs individuals that are also licensed insurance agents. Clients can choose to engage these persons, in their individual capacities, to effect insurance transactions on a commission basis. The recommendation by a Compass Representative (who is also a licensed insurance agent) that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No Compass client is under any obligation to purchase any commission products from any of the Adviser's advisory representatives. Clients are reminded that they may purchase insurance products recommended by the Adviser through other, non-affiliated insurance agents. Bradley Stark, the Adviser's Chief Compliance Officer, is available to answer any questions that a client or future client may have on any conflict of interest this arrangement may create.

Item 6 - Performance Based Fees and Side-by-Side Management

Compass does not charge any performance-based fees. All fees are disclosed above.

Item 7 - Types of Clients/Minimum Account Size

Description

Compass makes its advisory services available to a wide variety of clients including, but not limited to, individuals, high net worth individuals, pension and profit sharing plans and participants, trusts, estates, charitable organizations, corporations and other business entities.

Account Minimums

Although Compass does not generally have any conditions for providing its services, Compass

Representatives may negotiate a base fee for all services.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Compass' security analysis methods may include fundamental analysis, technical analysis, charting and cyclical analysis.

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

Additional research tools and sources of information that Compass may use include mutual fund and stock information provided by unaffiliated third parties (*e.g.*, Morningstar, etc.) and many other reports located on the Internet using the World Wide Web.

Compass may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases: (securities held at least a year)
- Short Term Purchases: (securities sold within a year)
- Trading: (securities sold within thirty (30) days)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Strategic and Tactical Asset Allocation may be utilized with domestic mutual funds, exchange-traded funds, or stocks and bonds as the core investments. Global mutual funds, sector funds and specialty exchange-traded funds may be added as satellite positions. Portfolios may be further diversified among large, medium and small sized investments in an effort to control the risk associated with traditional markets. Investment strategies designed for each client are based upon specific objectives stated by the client during consultations. Clients may change their specific objectives at any time. Each client executes an Investment Policy Statement that documents their specific objectives and their desired investment strategy.

Please Note: Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy recommended or undertaken by the Adviser will be profitable or equal any specific performance level. Investing in securities involves risk of loss that clients should be prepared to bear.

Risk of Loss

Risk is inherent in any investment in securities and the Adviser does not guarantee any level of return on a client's investments. There is no assurance that a client's investment objectives will be achieved. A client may be subject to certain risks, including, but not limited to, the risks described below. The risks discussed below vary by investment style or strategy, and may or may not apply to a client. A client should also review the prospectuses or other disclosure

documents for the securities purchased for the client's account, as they will contain important information about the risks associated with investing in such securities.

Investment strategies recommended by the Adviser may also be subject to some or all of the following types of risk:

- **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 may 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 investors are interested in buying or selling 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.

Please Note: There also are risks surrounding various insurance products that are recommended to Compass clients from time to time. Such risks include, but are not limited to loss of premiums. Prior to purchasing any insurance product, clients should carefully read the policy and applicable disclosure documents.

Item 9 - Disciplinary Information

Compass does not have any disciplinary information to report regarding itself or any of its Representatives or other related persons.

Item 10 - Other Financial Industry Activities and Affiliations

Other Financial Activities

Compass is not registered as a securities broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor.

Affiliations

Most persons associated with Compass are registered as securities representatives of Harbour Investments a licensed, full-service securities broker-dealer. Harbour Investments is a member of the Financial Industry Regulatory Authority ("FINRA"). In this capacity, these Representatives may provide securities brokerage services and implement securities transactions on a commission basis. Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations. Nevertheless, to the extent that a Compass Representative recommends the purchase of securities or other investment products where the representative receives commissions for doing so, a conflict of interest exists because the Representative may be incentivized to make recommendations based on the compensation received rather than on a client's needs.

Representatives of Compass may also own limited liability interests in Harbour Investments. This ownership creates a conflict because the Representatives indirectly benefit from products and services sold through Harbour Investments since, as indirect owners of Harbour Investments, they share in profit distributions.

Some of the Representatives of Compass are also insurance agents licensed with the Indiana Department of Insurance. As licensed insurance agents, these Representatives offer life, accident, health, variable and long term care insurance-related products to clients. Such compensation is in addition to, and separate from the compensation they receive from Compass for providing investment advice. Insurance products are available through channels not affiliated with the Adviser. Clients have no obligation to purchase insurance products through the IARs.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Compass maintains an investment policy for personal securities transactions at its business and it is part of the Adviser's general Code of Ethics (the "Code"). The Adviser establishes the standard of business conduct for all employees that are based on the fundamental principles of openness, integrity, honesty and trust. The Adviser also maintains and enforces written policies reasonably designed to prevent the Adviser or any person associated with Adviser from misusing material non-public information to comply with Section 204A of the Investment Advisers Act. Neither the Adviser, nor any related person of the Adviser, will recommend, buy, or sell securities within client accounts which the Adviser or a related person of the Adviser may have a material financial interest. A copy of the Adviser's Code is available to any client or potential client upon request.

Participation or Interest in Client Transactions

The Adviser and/or its representatives may engage in securities transactions for their own

accounts, including the same or related securities that are recommended to or owned by clients of the Adviser. These transactions may include trading in securities in a manner that differs from, or is inconsistent with, the advice given to clients of the Adviser, and the transactions may occur at or about the same time that such securities are recommended to or are purchased or sold for client accounts. This creates a potential for a conflict between the interest of the clients and the interests of the Adviser and/or its representatives.

Personal Trading

To address the potential for conflict of interests, the Adviser has adopted a Code that applies to its representatives who have access to non-public information relating to advisory client accounts (“Access Persons”). The Code prohibits Access Persons from using knowledge about advisory client account transactions to profit personally, directly or indirectly, by trading in his/her personal accounts. Unless an enumerated exception exists, the Code also prohibits Access Persons who have discretionary authority over client accounts from executing a security transaction for their personal accounts during a blackout period that can extend from one to seven days before or after the date that a client transaction in that same security is executed.

Item 12 - Brokerage Practices

Broker-Dealer Selection

Compass recommends broker-dealers to execute trade order for a client’s account, unless the client has provided instructions to Compass to the contrary. As an investment adviser, Compass has an obligation to seek “best execution” of client trade orders. “Best execution” means that Compass must place client trade orders with those broker-dealers that Compass believes are capable of providing the best qualitative execution of client trade orders under the circumstances, taking into account the full range and quality of the services offered by the broker-dealer. When selecting a broker or dealer, Compass may consider the following factors: (i) client preferences, (ii) execution capability and past execution performance, (iii) access to markets, (iv) commission rates, (v) financial standing of executing firm and counterparty risk, (vi) timeliness in rendering services, (vii) availability, cost and quality of custodial services, and (viii) continuity and quality of the overall provision of services.

Compass may also purchase or sell debt securities through electronic trading platforms. These electronic trading platforms typically provide access to bids and offers from a greater number of dealers on a timely basis; however, these electronic platforms may impose an execution or transaction fee imbedded in the price paid or received for the security (i.e., a markup or markdown).

Research and Other Soft Dollar Benefits

Although it generally does not exercise discretion to select brokerage firms, Compass Representatives typically recommend the broker-dealer, Harbour Investments and/or the custodial services of Pershing (collectively “Service Providers”).

Clients should be aware that there is no direct link between Compass and the Service Providers in connection with the advice Compass gives to clients. Compass receives economic benefits through the custody and operating relationships it has with the Service Providers that are

typically not available to the Service Providers' retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving advisory representative participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees; and discounts or no fees on a compliance, marketing, research, technology, and practice management products or services provided to Compass by third-party vendors. The Service Providers may also pay for business consulting and professional services received by Compass's affiliated persons and may also pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses) for Compass's personnel to attend conferences or meetings relating to their service platforms or to their adviser custody and brokerage services generally. Some of these products and services made available by the Service Providers may benefit Compass, but may not benefit its client accounts. Such other services made available by the Service Providers are intended to help Compass manage and further develop its business enterprise, and such services do not depend on the amount of brokerage transactions directed to them.

Clients should be aware that the receipt of the economic benefits described above by Compass from the Service Providers, in and of itself, creates a potential conflict of interest and may indirectly influence Compass' recommendation of those Service Providers for custody and brokerage services.

Compass and its Representatives may be eligible for incentive awards from Harbour Investments, which may affect product recommendations. Also, when certain mutual funds are included in client portfolios, Representatives giving advice may receive continuing, asset-based 12b-1 fees paid by the mutual funds through Harbour Investments. These fees are paid based on the value of the funds held in a portfolio. Thus, the Representatives have an incentive to recommend holding such positions since selling them will result in lower compensation to the Representatives.

Other than the services described above, Compass and its Representatives do not direct transactions and the commissions they generate (soft dollars) to brokerage firms or other parties to receive research or other benefits. Compass does not process transactions through Service Providers in return for Service Providers referring new clients to Compass.

Order Aggregation, Allocation, and Rotation Practices

In order to seek best execution for clients, the Adviser may aggregate contemporaneous buy and sell orders for the accounts over which it has discretionary authority. This practice of bunching trades may enable Compass to obtain more favorable execution, including better pricing and enhanced investment opportunities, than would otherwise be available if orders were not aggregated. Bunching transactions may also assist Compass in potentially avoiding an adverse effect on the price of a security that could result from simultaneously placing a number of separate, successive or competing, client orders.

It is within Compass' sole discretion to bunch transactions and its decision is subject to its duty to seek best execution. Compass will aggregate a client's trade orders only when Compass deems it to be appropriate and in the best interests of the client and permitted by regulatory requirements.

All advisory clients participating in a bunched transaction will receive the same execution price for the security bought or sold. Average prices may be used when allocating purchases and sales to a client's accounts because such securities may be purchased and sold at different prices in a series of bunched transactions. As a result, the average price received by a client may be higher or lower than the price the client may have received had the transaction been effected for the client independently from the bunched transaction. In addition, a client's transaction costs may vary depending upon, among other things, the type of security bought or sold, and the commission or markup or markdown charged by the executing broker-dealer.

The amount of securities available in the marketplace, at a particular price at a particular time, may not satisfy the needs of all clients participating in a bunched transaction and may be insufficient to provide full allocation across all client accounts. To address this possibility, Compass has adopted trade allocation policies and procedures that are designed to make securities allocations to discretionary client accounts in a manner such that all such clients receive fair and equitable treatment. If a bunched transaction cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day will generally be allocated pro rata among the clients participating in the bunched transaction. Adjustments to this pro rata allocation may be made, at the discretion of the Adviser, to take into consideration account specific investment restrictions, undesirable position size, account portfolio weightings, client tax status, client cash positions and client preferences. Adjustments may also be made to avoid a nominal allocation to client accounts.

When Compass is not able to aggregate trades, Compass generally uses a trade rotation process that is designed to be fair and equitable to its clients.

Directed Brokerage

Compass will comply with any guidelines and/or limitations reasonably requested by a client relating to brokerage for the client's account that are contained in the client's investment management agreement. When possible, the Adviser will also observe any non-binding statement of client preferences with respect to brokerage direction.

If a client directs the Adviser to use a particular broker-dealer for execution of the client's trade orders (a "directed brokerage arrangement"), and the Adviser agrees to the arrangement, a client should understand that the Adviser may be unable to achieve best execution for the client's transactions. Any costs related to the directed brokerage arrangement are not included in the Adviser's fee, and the client is solely responsible for monitoring, evaluating and reviewing the arrangement with the directed broker-dealer and paying any commissions or markups or markdowns or other costs imposed by the directed broker-dealer. Additionally, the Adviser generally will not aggregate the client's directed brokerage trade orders with orders for other clients of the Adviser or include such orders in its trade rotation process.

If the Adviser aggregates a client's directed brokerage trade orders with trade orders for other clients of the Adviser, the Adviser may employ the use of "step-outs" to satisfy the client's directed brokerage arrangement. A "step-out" occurs when an executing broker executes the trade and then "steps out" the trade to a clearing broker (which would be the directed broker-dealer in a directed brokerage arrangement) that confirms and settles the trade. In such a case, a client will bear the costs of any commissions, markups or markdowns imposed by the executing broker-dealer in addition to the costs of any commissions, markups or markdowns imposed by the directed broker-dealer.

If a client directs the Adviser to use a particular broker-dealer, and if the particular broker-dealer referred the client to the Adviser or if the particular broker-dealer refers other clients to the Adviser in the future, the Adviser may benefit from the client's directed brokerage arrangement. Because of these potential benefits, the Adviser may have an economic interest in having the client continue the directed brokerage arrangement. The benefits that the Adviser receives may conflict with the client's interest in having the Adviser recommend that the client utilize another broker-dealer to execute some or all transactions for the client's account.

Before directing the Adviser to use a particular broker-dealer, a client should carefully consider the possible costs or disadvantages of directed brokerage arrangements.

Trading Error Policy

If there is a trade error for which Compass is responsible, trades will be adjusted or reversed as needed in order to put the client's account in the position that it would have been in as if the error had not occurred. Errors caused by Compass will be corrected at no cost to client's account, with the client's account not recognizing any loss from error. The client's account will be fully compensated for any losses incurred as a result of any such error. If the trade error results in a gain, the gain may be retained by Compass.

Item 13 - Review of Accounts and Reports

Periodic Reviews

Compass' portfolio management team generally performs periodic reviews on transactions in each client account. The portfolio management team generally reviews reports documenting each account's performance compared to the performance of a relevant benchmark index at least monthly.

Review Triggers

In addition to periodic reviews, Compass may conduct account reviews when a triggering event, like a change in client investment objectives, financial situation, market correction or client request occurs.

Regular Reports and Electronic Delivery

Written brokerage statements are generated no less than quarterly and are sent directly from the account custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

All client correspondence, as well as all books and records of the Adviser, will be delivered and stored as electronic images and the originals of the electronically stored documents shall be destroyed. Thereafter, all electronic documents shall be deemed to serve as an original copy.

Item 14 - Client Referrals and Other Compensation

Client Referrals

Compass does not currently have any client referral relationships. Thus, it does not pay any fee to a third party for making client referrals to it. Also, as indicated above, the firm does not direct brokerage transactions to any third party, in return for client referrals.

Other Compensation

Certain Compass Representatives have outside business activities that provide additional compensation. Please refer to Item 10 above for detailed information regarding the business activities, the compensation received, the related conflicts and how Compass mitigates such conflicts.

Item 15 - Custody

Pursuant to Rule 206(4)-2 of the Advisers Act, Compass is deemed to have custody of certain client funds because Compass has the authority and ability to debit its fees directly from clients' accounts. To mitigate any potential conflicts of interests, all Compass client account assets will be maintained with an independent qualified custodian. Compass currently recommends that its investment management clients use Pershing for custodial services. Compass may only implement its investment management recommendations after the client has arranged for and furnished Compass with all information and authorization regarding its accounts held at Pershing or other acceptable qualified custodians. Clients will receive statements on at least a quarterly basis (generally monthly) directly from Pershing or other acceptable qualified custodians. Clients are urged to carefully review all custodial account statements and compare them to the statements provided by Compass.

Item 16 - Investment Discretion

Discretion Authority for Trading

Clients can determine to engage Compass to provide investment advisory services on a discretionary basis. Prior to Compass assuming discretionary authority over a client's account, the client is required to execute an investment management agreement with the Compass, naming Compass as client's attorney and agent in fact, granting Compass full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Compass generally accepts reasonable limitations to its discretionary authority with respect to brokerage direction and securities selection, including the designation of particular securities or types of securities that should not be purchased for the client's account, but the client may not require that particular funds or securities (or types) be purchased for the client's account. Any such limitations agreed to by a client and Compass are generally included as an addendum to the client's investment management agreement or in a separate letter of understanding. When

possible, Compass will also attempt to observe any non-binding statement of client preferences with respect to factors such as brokerage direction, holding periods, and securities selection.

Non-Discretionary Authority for Trading

Clients may also select Compass' non-discretionary service module. Clients retain final say in investment selection and decision making. Compass works closely with the client to tailor investment strategy to the client's goals and needs, and consults with the client prior to making trades or other changes to the investment portfolio. The Adviser proactively provides the client with investment ideas and a view on current market situations but no transactions are carried out without prior client approval. Compass' non-discretionary services also include, amongst other things, (i) careful monitoring of the client's portfolio to ensure that it remains within investment guidelines; (ii) regular performance updates; and (iii) access to seasoned investment professionals prior to making final investment decisions.

Investment Consulting

Compass also assists clients with the selection and monitoring of retirement plan assets, offering a well-designed and well-documented process. Compass seeks to design an overall investment menu utilizing a risk-budgeting process that addresses the different expectations of return found in varying asset classes. Compass seeks strong managers that complement each other, creating overall value to the client and plan participants.

Item 17 - Voting Client Securities

Compass and its Representatives do not vote proxies on behalf of clients who will receive such notices from their account's custodian. Compass also does not take any action on legal notices it or a client may receive from issuers of securities held in a client's managed account. Any questions on these policies and procedures should be directed to Bradley Stark who is responsible for updating, maintaining or changing these procedures.

Item 18 - Financial Information

Compass does not require or solicit fees of more than \$1,200 six months or more in advance, thus no financial statement for Compass is attached. Compass does not have any financial condition that is reasonably likely to impair its ability to meet its contracted commitment to any client.

Privacy Policy

Preserving trust is a core value. Compass Financial Advisors, LLC (“Compass”) recognizes that clients expect us to protect the information they provide us and to use it responsibly. We are strongly committed to fulfilling the trust that is the foundation of our clients’ expectations. For that reason we have adopted and adhere to the following policy regarding the privacy of client information.

Why We Collect And How We Use Information.

When we evaluate your request for our services, provide investment advice to you and place transactions for your account, you typically provide us with certain personal information necessary for us to provide these services. We may also use that information to offer you other services we or an affiliate may provide which may meet your investment needs.

What Information We Collect.

The information we collect may include: name and address; employer; Social Security number or tax payer identification number; assets; income; account transactions; investment and other financial product positions and balances; investment objectives; accounts at other institutions; transactions at other institutions, including affiliates; the identities of accountants, attorneys and other professionals you engage. Information we receive from third parties, including credit bureaus; and information we obtain to verify your representations to us, such as your identity and assets.

We Limit How, and With Whom We Share Your Information

We do not sell your personal information to anyone. We may disclose information about you with your consent to our employees, affiliates, representatives and their affiliated businesses. We may disclose information to nonaffiliated third parties when providing services to you. Nonaffiliated third parties may include retirement plan sponsors or third party administrators, mutual fund companies, insurance companies and agencies, third party advisory firms, banks, broker-dealers, transaction clearing firms, accountants, lawyers, securities professionals, companies that assist us with the maintenance of required records, and others to assist us, or them, in providing services to you.

We may also share information with companies that perform services on our behalf, such as the companies that we hire to perform marketing or administrative services. Companies we may hire to provide support services are not allowed to use your personal information for their own purposes. We may also make additional disclosures as permitted by law.

We will also share the information we received from you as required by laws and rules applicable to you, client account service providers, Compass or Compass’s representatives.

If you close your account, in the process of transferring your accounts we may share your information with the new broker-dealer, investment adviser or custodian that you or your Compass representative selects. Your Compass representative may use the personal information about you in his or her files to provide you with information regarding the new firm, account transfer procedures and documents.

If you prefer that we not share your nonpublic personal information (except in those circumstances described above that are permitted or required by law), you may opt out at any time by notifying us not to share information. To notify us, please call us at 219/476-7100. You will be asked to provide identifying client information at that time, including your Social Security Number.

For accounts that are held jointly by more than one client, any of the account holders may opt out on behalf of the other account holders. Any opt out instructions received from one owner of a joint account will apply also to individual accounts in that person's name, as well as other accounts held jointly by that person, based on the account information we have.

How We Protect Information.

Employees and our advisory representatives are required to comply with our established information confidentiality procedures. We also maintain physical, electronic, and procedural safeguards to protect information. For example, our computer systems utilize password protection to prevent access by unauthorized personnel. Compass ensures service providers provide assurances that they will restrict their use of the information provided about you.

Access To and Correction of Your Information.

Upon your written request, we will make available your information for review. Information collected in connection with, or in anticipation of, any claim or legal proceeding will not be made available. If your personal information with us becomes inaccurate, or if you need to make a change to that information, please contact us at the number shown below so we can update our records. Also, if you believe someone has accessed your account without authorization, please contact us as soon as possible.

Further Information.

For additional information regarding our privacy policy, or if you have any questions and/or concerns about your account or about our services, please contact us by writing to us at 9933 Dupont Circle Drive West, Suite 100, Fort Wayne, IN 46825.