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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of Laraway Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (320) 253-2490. 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 Laraway Financial Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Laraway Financial Advisors, Inc. is 114674.

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

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 3, 2016 we have the following material changes:

1. Christopher Wayne is now a part owner of Laraway Financial Advisors, Inc.
2. Please refer to Item 10 *Other Financial Industry Activities and Affiliations* in this brochure for more information relating to conflicts of interest surrounding loans received from Cambridge by investment adviser representatives who transition to Laraway Financial Advisors, Inc.

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Item 4 Advisory Business

Laraway Financial Advisors, Inc. is an SEC-registered investment adviser based in St. Cloud, Minnesota. We are organized as a corporation under the laws of the State of Minnesota. We have been providing investment advisory services since 2001. Our firm was approved with the State of Minnesota 2001 and transitioned its registration to the SEC in 2004. Steven A. Laraway is our principal owner with Christopher Wayne and James Schmitz as part-owners.

We provide our clients with a wide range of investment advisory services through our investment management programs, including discretionary and non-discretionary portfolio management, asset allocation services, financial planning, consulting, and selection and monitoring services. Our integrated suite of services may be offered to clients on an all-inclusive or individual basis. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services based on an analysis of your individualized needs.

As used in this brochure, the words "we", "our" and "us" refer to Laraway Financial Advisors, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

Portfolio Management Services

We offer discretionary and non-discretionary portfolio management services in accordance with your individual investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and to make investments on your behalf.

We will develop a personal investment policy for you and manage a portfolio based on that policy. For each client, our firm will create a portfolio of no-load, load-waived and front-load mutual funds and fixed income securities. We will allocate your assets among various investments taking into consideration the overall management style you selected. We will select mutual funds for your portfolio on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined based on your individual needs and circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Asset Allocation Services

We have established and currently manage five model portfolios, with each portfolio designed to meet particular investment goals suitable to a client's circumstances. Once the appropriate portfolio has been determined, it is continuously managed based on the portfolio's goal in combination with each client's individual needs. However, each client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

For discretionary asset allocation accounts, we will ensure the following conditions are met and maintained:

1. We will manage your individual account on the basis of your financial situation and investment objectives and any reasonable investment restrictions you may impose;
2. We will obtain sufficient information from you to be able to provide individualized investment advice to you. At least annually, we will contact you to determine whether there have been any changes in your financial situation or investment objectives and whether you wish to impose investment restrictions or modify existing restrictions. On a quarterly basis we will request in writing that you notify our firm if there have been changes in your financial situation or investment objectives and whether you wish investment restrictions or modify existing restrictions.
3. We will be reasonably available to consult with you.
4. You will receive a quarterly statement that includes a description of all account activity; and,
5. Each client will retain certain indicia of ownership of the securities and funds in the account, i.e., the ability to withdraw securities, and vote securities, among others.

Summary of Model Goals and Strategies

Aggressive Growth - This model seeks growth of capital through investments in stocks, mutual funds and fixed income investments. The management of this portfolio is not concerned with current income and has little concern with volatility.

Long Term Growth - This model seeks growth of capital through investments in stocks, mutual funds and fixed income investments. Management of this model reflects the perspective on long term growth, with minimum concern for current income and some concern for volatility.

Balanced Growth - This model seeks growth of capital and some current income through investments in stocks, mutual funds and fixed income investments. Management of this portfolio is focused on building current income and is moderately concerned with volatility.

Conservative Growth and Income - This model seeks current income and some growth of capital through investments in stocks, mutual funds and fixed income investments. As the model's primary goal is current income with a secondary goal of growth, it reflects substantially heightened concern with volatility.

Capital Preservation and Income - This model seeks current income and safety through investments in fixed income assets. As our most conservative model, it reflects more extreme concern for market volatility while safeguarding client capital.

Our fee for portfolio management services and asset allocation services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

Assets Under Management

First \$1,000,000
\$1,000,001 - \$5,000,000
Over \$5,000,000

Annual Fee

1.50%
1.00%
0.50%

Our annual portfolio management fee is billed and payable quarterly in arrears based on the market value of your account on the last day of the quarter. We will send you an invoice for the payment of our advisory fee. In addition to our advisory fee, each account of our portfolio management clients is charged an annual administrative fee of \$100.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

Financial Planning Services

We also offer advice in the form of a Financial Plan. If you engage us for financial planning services, you will receive a written report, providing you with a detailed financial plan designed to achieve your stated financial goals and objectives. In general, our financial plan may address any or all of the following areas of concern:

- Personal - Family records, budgeting, personal liability, estate information and financial goals.
- Tax and Cash Flow - Income tax and spending analysis and planning for past, current and future years. We will illustrate the impact of various investments on your current income tax and future tax liability.
- Death and Disability - Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement - Analysis of current strategies and investment plans to help you achieve your retirement goals.
- Investments - Analysis of investment alternatives and their effects on your portfolio.

If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives through in-depth personal interviews. The information we gather includes your current financial status, future goals and attitude towards risk. As part of the financial planning engagement, we will ask you to complete a client questionnaire and to provide us with documents for our review. Once we review and analyze the information you provide to our firm, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives. The financial plan can be prepared within 90 days of the contract date, provided that all the information needed to prepare the plan is promptly provided.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to implement the recommendations in the financial plan, we suggest that you work closely with your attorney, accountant, insurance agent, stockbroker or other financial professional. You are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm. If you choose to implement the recommendations contained in the plan, we suggest that you work closely with your attorney, accountant, insurance agent, and/or stockbroker.

Fees for financial planning services are charged in one of three ways:

1. A fixed fee of \$1,500 is charged for comprehensive financial planning;
2. A fixed fee of \$750 is charged for partial financial planning; or
3. On an hourly basis, ranging from \$150 per hour, depending on the nature and complexity of requested services.

We may require a retainer of \$500 for financial planning services, due upon the signing of the advisory agreement, and the remaining portion upon the completion of the services rendered. In our discretion, we may reduce or waive the financial planning fee if you choose to engage our firm for portfolio management services.

Advisory Consulting Services

We offer consulting services which primarily involve advising clients on specific financial-related topics, such as estate planning, retirement planning, or any other specific topic. We also provide specific consultations and administrative services regarding your investment and financial concerns. Additionally, we provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice. We charge an hourly rate of \$150 for advisory consulting services, which is payable as invoiced.

Selection and Monitoring Services

We provide the following advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we will also offer these services as appropriate to individuals and trusts, estates and charitable organizations. Selection and Monitoring Services are comprised of four distinct services. Clients may choose to use any or all of these services.

Investment Policy Statement Preparation - We will meet with you, in person or over the telephone, to determine your investment needs and goals. We will then prepare for you a written policy statement of those goals and the manner in which they will be achieved. Criteria for selecting investment vehicles and the procedures and timing intervals for monitoring investment performance are a part of the policy statement.

Selection of Investment Vehicles - We will review mutual funds (index and managed funds) and determine which of these investments are appropriate for implementing your investment policy statement. The number of investments will be determined by you, based on your investment policy statement.

Monitoring of Investment Performance - Your investments will be monitored using the procedures and timing intervals in the investment policy statement. We are not involved in the purchase or sale of these investments through this service, but we will supervise your portfolio and make recommendations to you as market conditions and your needs dictate.

Employee Communications - For pension, profit sharing and 401(k) plan clients wherein there are individual accounts with participants exercising control over assets in their own account ("self-directed plans"), we also provide quarterly educational support and investment workshops designed for the Plan participants.

We will work with you to determine the nature of the topics to be covered under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

We charge an hourly rate of \$150 for Selection and Monitoring Services, which is payable as invoiced.

Termination of Advisory Relationship

Either party may terminate the agreement for services upon 30-days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees based on the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Types of Investments

We offer advice on equity securities (stocks), corporate debt securities (bonds), commercial paper, certificates of deposit, municipal securities, investment company securities (mutual funds and variable products), US Government securities, and interests in partnerships investing in real estate and oil and gas interest. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

Assets Under Management

As of December 31, 2016, we provide continuous management services for \$188,309,501 in client assets on a discretionary basis, and \$68,313,213 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Please refer to the "Advisory Business" section in this brochure for information on our advisory fees and refund policy according to each service we offer.

Negotiability of Advisory Fees and Minimum Requirements

In certain circumstances, all fees and account minimums are negotiable.

Grandfathered Fees and Payment Terms

Certain pre-existing advisory clients are subject to our advisory fees and payment terms in effect at the time these clients entered into an advisory relationship with us. Our firm's advisory fees may differ among clients, and some long-term clients may pay advisory fees in advance rather than in arrears. Clients who pre-pay advisory fees that we do not earn receive prorated refunds of those fees.

We retain discretion to reduce or waive account minimums, and/or advisory fees. Circumstances may include but are not limited to, a significant percentage of bond holdings in client's portfolio. We may also combine related household accounts for the purpose of achieving the minimum account requirements.

Fees Offset By Commissions

If a Financial Planning or Consulting client executes recommended securities transactions through Associated Persons of our firm in their separate capacity as registered representatives of a broker dealer, these individuals will earn commissions which are separate and distinct from fees charged for

advisory services. In some instances, depending on the size of the transaction, advisory fees will be discounted, at our sole discretion, for commissions earned. Commissions will not be credited towards future advisory fees.

If advisory clients purchase insurance products through related persons of our firm in their individual capacity as licensed insurance brokers or agents, and commissions are received by Laraway Insurance Services, Inc. those assets will not be included in our calculation of advisory fees for that client account. Refer to the *Other Financial Industry Activities and Affiliations* section below for additional disclosures on this topic.

ERISA Fee Disclosure

We are deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, we are subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which we and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which we and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset our advisory fees.

Additional Fees and Expenses

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

Compensation for the Sale of Securities or Other Investment Products

Persons providing investment advice on behalf of our firm are registered representatives with Cambridge Investment Research, Inc. ("Cambridge"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as a registered representative is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive

to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

At our discretion, we offset our advisory fees to the extent our Associated Persons earn commissions in their separate capacities as registered representatives and/or insurance agents.

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

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

Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate an account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

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

- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risks Associated with Methods of Analysis

Fundamental Analysis - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance. Technical Analysis - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Investment Strategy and Tax Disclosures

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

Our strategies and investments may have unique and significant tax implications. We generally take tax efficiency into consideration in the management of your assets. Nonetheless, regardless of your account size or any other factors, we recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as tax law requires that the cost basis method remain unchanged after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. You understand that our investment recommendations for your account are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed under the *Advisory Business* section above, we recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Item 9 Disciplinary Information

Laraway Financial Advisors, Inc. has been registered and providing investment advisory services since 2001. Neither our firm nor any of our Associated Persons has any disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

Registrations with Broker-Dealer

Persons providing investment advice on behalf of our firm are registered representatives with Cambridge Investment Research, Inc., ("Cambridge") a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Refer to the *Fees and Compensation* section above for additional disclosures on this topic.

Some of Laraway Financial Advisors, Inc.'s investment advisor representatives are eligible to participate in the Cambridge Investment Group, Inc. private stock purchase program. Cambridge Investment Group, Inc. is 100% owner of Cambridge Investment Research Advisors, Inc. and its affiliated broker/dealer Cambridge Investment Research, Inc. Representatives of Laraway Financial Advisors, Inc. who participate in this program do not act as officers of Cambridge. However, they would have a percentage of ownership and have the ability to participate in Cambridge's overall profits. Certain representatives of Laraway Financial Advisors, Inc. are eligible to participate in the stock purchase program due to their affiliation as Registered Representatives of Cambridge Investment Research, Inc. This arrangement between certain representatives of Laraway Financial Advisors, Inc. and Cambridge is a potential conflict of interest between Laraway Financial Advisors, Inc. and its clients in that it may inhibit Laraway Financial Advisors, Inc.'s independent judgment concerning the best execution services offered by Cambridge and its clearing broker-dealers.

Furthermore, persons providing investment advice on behalf of our firm have also have received loans from Cambridge in connection with our transition from their previous broker/dealer to assist with costs associated with the same. These loans are either repayable to Cambridge or may be forgiven by Cambridge based on minimum annual production and years of service. This presents a conflict of interest as we have a financial incentive to maintain a relationship with Cambridge. You are under no obligation, contractually or otherwise, to use these representatives in their separate capacity as registered representatives of Cambridge. Please see the Fees and Compensation section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

Arrangements with Affiliated Entities

We are affiliated with the insurance agency Laraway Insurance Services, Inc. through common control and ownership. Therefore, persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Refer to the *Fees and Compensation* section above for additional disclosures on this topic.

These referral arrangements we have with our affiliated entities present a conflict of interest because we may have a financial incentive to recommend our affiliates' services. While we believe that compensation charged by our affiliates are competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use our affiliates' services and may obtain comparable services and/or lower fees through other firms.

Recommendation of Other Advisers

We may recommend that you use a third party adviser ("TPA") based on your needs and suitability. We will receive compensation from the TPA for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPA we recommend.

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

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor any of our Associated Persons shall have priority over your account in the purchase or sale of securities. We have also adopted a written Code of Ethics designed to prevent and detect personal trading activities that may interfere or be in conflict with client interests, as discussed above in this section.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Item 12 Brokerage Practices

We recommend that our clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities as instructed. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "*Your Brokerage and Custody Costs*").

How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)

- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see "*Products and Services Available to Us From Schwab*")

Your Brokerage and Custody Costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

Services That Benefit You

Schwab's brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some that we might not otherwise have access to or that would require a much higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We

may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Brokerage for Client Referrals

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

Directed Brokerage

Persons providing investment advice on behalf of our firm who are registered representatives of Cambridge Investment Research, Inc. ("Cambridge") will recommend Cambridge to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Cambridge unless Cambridge provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities

transactions through Cambridge and its primary clearing firm. Currently, Cambridge has provided advisory representatives of our firm with written authorization to place securities transactions with Schwab. Refer to the *Fees and Compensation* section above for additional disclosures on this topic.

Block Trades

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts.

Item 13 Review of Accounts

Portfolio Management Services

Reviews: While the underlying securities within Portfolio Management Services accounts are continuously monitored, these accounts are reviewed at least monthly by Steve Laraway, President. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Reports: In addition to the monthly and/or quarterly statements and confirmation of transactions that you will receive as a Portfolio Management Services client from your custodian, we will provide written quarterly reports summarizing account performance, balances and holdings.

Financial Planning/Consulting Services

Reviews: These client accounts will be reviewed as contracted for at the inception of the advisory relationship.

Reports: Financial planning clients will receive a complete financial plan. Additional reports will not typically be provided unless otherwise contracted for. Consulting Services clients will not typically receive reports due to the nature of the service.

Selection and Monitoring Services

Reviews: We will provide reviews of investment vehicle recommendations at least quarterly. More frequent reviews may be provided as required by the terms of the plan document or as contracted for by the client.

Reports: We will not normally provide these clients with regular reports. However, these clients may contract with our firm to receive performance reports at the inception of the advisory relationship.

Item 14 Client Referrals and Other Compensation

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Cambridge Investment Research, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

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

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

Item 15 Custody

We do not directly debit advisory fees from your account and we do not exercise custody over your funds or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement. If you engage us to provide Investment Advisory Services on a discretionary basis, we have the authority to determine the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section above for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Item 17 Voting Client Securities

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations. In the event you wish to direct our firm on voting a particular proxy, you should contact Steve A. Laraway at (320) 253-2490 with your instruction.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

Item 18 Financial Information

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

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

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy notice to you on an annual basis. Please contact us at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

In limited circumstances, we may make an error in submitting a trade on your behalf. In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a loss, we will reimburse you or otherwise ensure that your account is made whole. Where the trading error results in a gain, you have the option of retaining the gain or refusing the gain if, for example, the gain creates an unfavorable tax situation.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.