

# **Financial Innovations, LLC**

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Financial Innovations, LLC. If you have any questions about the contents of this brochure, please contact us at (404) 458-0065. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Financial Innovations, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Financial Innovations, LLC is 142769.

Financial Innovations, LLC 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 our last annual updating amendment dated January 31, 2018 there are no material changes to report.

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## Item 4 Advisory Business

Financial Innovations, LLC is a registered investment adviser based in Atlanta Georgia. Our firm is organized as a limited liability company under the laws of the State of Georgia. We have been providing investment advisory services since 2005. Laura K. Schilling is the principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Selection of Other Advisers
- Financial Planning Services

As used in this brochure, the words "we", "our" and "us" refer to Financial Innovations, LLC 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 owner(s), employees, and all individuals providing investment advice on behalf of our firm.

We are a fee-based independent financial adviser that provides wealth management services by incorporating financial planning, investment portfolio management and other aggregated financial services. The combination of industry experience and comprehensive research allows our firm to provide quality advisory services to our clients. 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 to your individual needs.

### Portfolio Management Services

We offer non-discretionary portfolio management services to our clients and prospective clients. Our investment advice is tailored to meet our clients' needs and 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 (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather from our initial meeting to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we will customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

You may limit our 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. Upon entering into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

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

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
0-\$500,000	1.20%
\$500,001 - \$1,000,000	1.00%
Over \$1,000,001	0.90%

Alternatively, we may charge a flat fee of 1.0% on all assets under management. Arrangements with existing clients may be subject to a different fee schedule.

Our annual portfolio management fee is billed and payable quarterly in advance based on the average daily value of your account during the previous quarter.

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.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

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

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

In special circumstances, and in our sole discretion, we may open a commission-based account for our clients based on certain criteria (i.e., dollar amount of assets to be managed, related accounts, or other small accounts, etc.). Generally, we purchase the same no-load mutual funds and stocks in these accounts as regular fee based accounts serviced through our firm.

### **Pinnacle Wrap Fee Account**

As part of our portfolio management services, we may use the Pinnacle Wrap Fee program to manage all or a portion of your account on a limited discretionary basis, through written authorization granted by a Trading Authorization Form. The Pinnacle Account is Wrap Account sponsored by Triad Advisors, Inc. ("Triad") designed to allow us the ability to manage mutual funds, stocks, bonds and insurance products (including variable annuity subaccounts). A Wrap Account offers clients a convenient single "wrap" fee that covers investment management, administrative and trading costs. The Pinnacle Account may be suitable for accounts greater than \$150,000 and relies on more active management to meet their investment objectives. However, there is no minimum account size and fees are negotiable.

Our fee for the Pinnacle Wrap Fee is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
First \$1,000,000	1.50%
Next \$1,000,000	1.00%
Over \$2,000,000	0.90%

Fees are negotiable based on a variety of factors, such as size and type of account, complexity, range of services utilized, etc. Please refer to the Pinnacle Wrap Fee brochure for further details regarding fees, fee paying arrangements and termination policies.

### **Selection of Other Advisers**

As part of our investment advisory services, we may recommend that you use the services of a third party money manager ("MM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific MM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the MM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the MM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the MM. The advisory fee you pay to the MM is established and payable in accordance with the brochure provided by each MM to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we have with each MM. As such, a conflict of interest exists where our firm or persons associated with our firm has an incentive to recommend one MM over another MM with whom we have more favorable compensation arrangements or other advisory programs offered by MMs with whom we have less or no compensation arrangements.

### **Financial Planning Services**

We offer broad-based, modular, and consultative financial planning services to our clients and prospective clients. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Our written financial plan services may involve consultation, analysis, and recommendations in the six areas of financial planning, which include (1) financial situation; (2) income taxes; (3) insurance; (4) investments; (5) retirement planning; and (6) estate planning.

In order to determine a suitable course of action for an individual client, we shall perform a review of the variables that are presented. Such review may include, but would not necessarily be limited to, investment objectives, consideration of the client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the client's particular circumstances.

We shall review the client's present financial situation and issue a written analysis and report of recommendations in accordance with the client's goals and objectives. This service may include an initial consultation and subsequent follow-up visits. Unless engaged separately to do so, we will not be responsible for the implementation of the plan. The client assumes full responsibility for the implementation of the plan. The services provided in this regard may include but would not be limited to the following:

- Preparation of an annual net worth statement;
- Create a cash flow statement;
- Review current investments and make recommendations thereon;
- Review client's most recent tax returns and provide tax planning advice or tax preparation services;
- Review client's life insurance and disability insurance and make recommendations thereon;
- Review client's estate plan and make recommendations thereon;
- Complete a retirement analysis; and
- Provide education planning advice.

Our fees for a written financial plan may be affected by several factors such as the complexity of pertinent circumstances, the responsibility assumed by us, the potential benefit resulting to the client and the perceived probability of certain anticipated complications that may arise. Although not an all-inclusive list, the following factors may impact the fee charged to a client:

- investment objectives;
- consideration of the client's overall financial condition, including current financial holdings;
- net worth;
- income and tax status, personal and business assets;
- marital status;
- number of dependents;
- risk profile;
- previous investment experience; and
- other factors unique to the client's particular circumstances.

It should be noted that the above listed factors are NOT intended to represent prospective examples of ALL factors that may contribute to the ultimate fee determination for any given client; however, any of these factors COULD contribute to such. Further, no single one of these factors should be solely relied upon in a client's fee arrangement determination.

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 act on any of our recommendations, 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.

We may charge a fixed fee for our financial planning services. Our fixed fee ranges from \$1,000 to \$10,000 on an annual basis, depending upon the level and scope of the services required. Alternatively, we may charge a one-time fixed fee for our advisory services, which could include or be limited solely to financial planning services.

The services that may correspond to the designated fixed fee amount may vary. We are unable to forecast the exact services that may be involved for the client who is charged \$1,000 or one who is charged \$10,000 for our services on a fixed-fee basis. As such, the determination of the fixed-fee amount will vary based upon any number of factors which may be specific to each individual client's set of circumstances. Advisory services that are anticipated to be more complex will generally warrant a higher fixed-fee amount. Less complex services may generally result in a lower fixed-fee amount.

There is no set group of services that may be obtained at the \$1,000 level or any particular set of services that may be obtained at the \$10,000 level. The fixed-fees will be based on the complexity of the service that is anticipated to be necessary for the particular client.

Our fixed fee for providing financial planning services is determined based on anticipated work to be done. Since we cannot accurately determine the fee amount until learning about the client's financial circumstances, it is our practice to provide an initial, no obligation, no cost meeting in order to become familiar with the client's circumstances. We will obtain information from the client verbally and on any current information gathering documents approved for use by us. The information gathered during this session will assist us in determining the fee amount for the client's advisory services.

#### **Fixed Fees for Financial Planning Services:**

Generally, full payment of the fixed financial planning fee is due and payable upon delivery of the financial plan. In special circumstances, and at our sole discretion, we may agree to other fee paying arrangements. Such arrangements will be agreed to in advance of services rendered, and will be clearly set forth in the executed agreement for services.

The initial fee covers development and delivery of the financial plan plus a year of ongoing consulting services that allow you to ask questions relating to your financial plan. The following year, we will assess a renewal fee that is charged at the beginning of the year, which covers the new retainer period and updates to your financial plan.

#### **Hourly Fees for Financial Planning Services :**

We may charge an hourly fee for our financial planning services. Our hourly fees are negotiable, but will generally be \$600/hour. Depending upon the level and scope of the services required this fee may be revised.

Our hourly rate is determined by the anticipated work to be done. Since we cannot accurately determine the hourly fee amount until learning about your financial circumstances, it is our practice to provide an initial, no obligation, no cost meeting in order to become familiar with your individual circumstances.

We will obtain information from you verbally and record the current information into our planning documents and systems. The information gathered during this session will assist us in determining the most appropriate course of action for your financial and investment activity.



Generally, hourly fees are billed in arrears, as specific services are performed; however, in our sole discretion, we may require all, or a portion of, our financial planning fee to be paid in advance of services rendered. Hourly fees are calculated by multiplying the number of hours of service performed by the designated hourly rate (i.e. # of hours times designated hourly rate). We will bill in increments of fifteen (15) minutes.

In most cases, an invoice shall be presented to the client at the point of service and payment shall be due and payable at that time. In cases where the client does not satisfy an outstanding hourly fee amount at a point of service, an invoice shall be generated and submitted to the client. Such invoices shall generally be prepared not later than the fifth business day of the calendar month following the month in which the service(s) was performed that resulted in the fee. The invoice shall be payable by the twentieth business day of the calendar month following the month in which the service(s) was performed that resulted in the fee.

At our discretion, we may offset a portion or all of the financial planning fees against portfolio management fees if you become an investment advisory client.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. However, if we have already delivered the written financial plan, none of the first years fee is refundable.

#### **General - Advisory Services to Retirement Plans and Plan Participants**

We offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described above, and in the service agreement that you have previously signed. Our compensation for these services is described above and also in the service agreement. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants, unless the plan sponsor directs us to deduct our fee from the plan or directs the plan record-keeper to issue payment for our fee out of the plan. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

#### **Status**

Financial Innovations, LLC is registered as an investment adviser under the Investment Advisers Act of 1940 and represents that it is not subject to any disqualification as set forth in Section 411 of ERISA.

In performing the Fiduciary Services, it is acting as a fiduciary of the Plan as defined in Section 3(21) under the Employee Retirement Income Security Act ("ERISA") for purposes of providing non-discretionary investment advice only.

## **Types of Investments**

We primarily offer advice on mutual funds, exchange traded funds ("ETFs"), stocks, corporate bonds, municipal bonds and structured equity CDs. 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 30, 2018 we manage a total of \$212,333,651 in client assets on a discretionary basis and \$830,000 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, fee deduction arrangements, and refund policy according to each service we offer.

### **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 and/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 Financial Innovations, LLC are registered representatives with Triad Advisors, Inc. ("Triad"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as a registered representatives, they 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 capacity as a registered representatives is separate and in addition to Financial Innovations, LLC's 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. In recommending mutual funds, representatives of Financial Innovations, LLC will recommend "no-load" mutual funds which do not pay commissions nor 12b-1 fees to registered representatives. 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. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

## **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 require a minimum of \$500,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

## **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.

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.

We base each portfolio strategy and composition on the client's goals. However, most portfolios are conservatively invested with a mix of money market funds, corporate bonds, municipal bonds and structured equity CDs.

**Short-term trading on a limited basis**

We may use short-term trading (in general, selling securities within 30 days' of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

**Tax Considerations**

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

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. 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 cannot be changed 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. 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 in this Brochure, we primarily recommend Structured Equity CDs, municipal bonds, corporate bonds, ETFs, mutual funds and stocks. However, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing

company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

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

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

## **Item 9 Disciplinary Information**

Financial Innovations, LLC has been registered and providing investment advisory services since 2005 and Laura K. Schilling has been registered as either an investment adviser representative or registered representative since 2003. Neither the firm nor Ms. Schilling 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 Triad Advisors, Inc. ("Triad"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

### **Arrangements with Affiliated Entities**

Laura K. Schilling, Manager and Chief Compliance Officer of Financial Innovations, LLC is also an attorney who practices law. If you require legal services, we may recommend that you use Laura Schilling, Esq. Our advisory services are separate and distinct from the compensation paid to Laura Schilling, Esq. for legal services.

The 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.



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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct. The 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. 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.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Laura K. Schilling at 404-459-2828 and/or [laura@financialinnovations.biz](mailto:laura@financialinnovations.biz).

### **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 our Associated Persons shall have priority over your account in the purchase or sale of securities.

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

### **Brokerage for Client Referrals**

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

### **Directed Brokerage**

We routinely require that you direct our firm to execute transactions through Triad. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

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

### **Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

## **Item 13 Review of Accounts**

Laura Schilling, Manager and Chief Compliance Officer, of Financial Innovations, LLC will monitor your accounts on an ongoing basis and will conduct account reviews at least quarterly. Reviews will also be conducted upon your request. Account reviews ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

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

We will not provide you with additional or regular written reports in conjunction with account reviews. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

## **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 Triad Advisors, 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 are compensated as Solicitors for client referrals. In order to receive a cash referral fee from Ladenburg Thalmann Asset Management Inc. we must comply with the requirements of the jurisdictions in which we operate. You should receive a copy of Ladenburg Thalmann Asset Management Inc.'s Form ADV Part 2A Disclosure Brochure from us along with the Solicitor's disclosure statement at the time of the referral. If you become a client of Ladenburg Thalmann Asset Management Inc. we will receive a percentage of the advisory fee you pay Ladenburg Thalmann Asset Management Inc. for as long as you are a client with them, or until such time as our agreement with Ladenburg Thalmann Asset Management Inc. expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to us are contingent upon your entering into an advisory agreement with Ladenburg Thalmann Asset Management Inc. Therefore, we have a financial incentive to recommend Ladenburg Thalmann Asset Management Inc. to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain Ladenburg Thalmann Asset Management Inc. for advisory services. Comparable services and/or lower fees may be available through other firms.

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 directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a broker-dealer, a qualified custodian. You will receive account statements from the qualified custodian holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Laura Schilling at 404-459-2828.

## **Item 16 Investment Discretion**

We do not have discretionary authority over your accounts. The agreement you enter into with our firm is a non-discretionary arrangement. Therefore, we will obtain your approval prior to the execution of any transactions for your account(s).

## **Item 17 Voting Client Securities**

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

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



## 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 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 policy notice to you on an annual basis. Please contact Laura Schilling, Chief Compliance Officer at (404) 459-2828 if you have any questions regarding this policy.

### Trade Errors

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 profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

### 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.