

**Part 2A of Form ADV: Firm Brochure**



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This brochure provides information about the qualifications and business practices of Waterford Advisors, LLC. (Hereinafter "Waterford" or "firm" or "we"). If you have any questions about the contents of this brochure, please contact us at (716) 580-3906 or at [glk@waterfordadv.com](mailto:glk@waterfordadv.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser does not imply any certain level of skill or training.

Additional information about Waterford is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Waterford is 119442.

**Item 2.           Summary of Material Changes**

Since the last filing of our Form ADV Part 2A on March 6<sup>th</sup> 2023 there are no material changes to report.

**Item 3. Table of Contents**

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#### **Item 4.           Advisory Business**

Waterford is a fee-based investment adviser registered with the SEC with its principal place of business located in Orchard Park, New York. Our firm has been in business since 2000. SVT International owns 100% of Waterford Advisors. Gregory L. Kozerski, CPA, CFP®, AIFA, is the majority owner of SVT International and President of Waterford Advisors.

As of December 31, 2023 our firm managed \$300,330,770 of client assets all on a discretionary basis. Waterford Advisors provided ongoing advisory and consulting services to an additional \$47,388,342 in assets under advisement.

##### Portfolio Management Services

Waterford provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, income tax situation, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

We will manage advisory accounts on a discretionary or non-discretionary basis, as agreed with each client. Account supervision is guided by the objectives of the client which are reflected in their individual Investment Policy Statement (i.e., Aggressive Growth, Capital Growth, Balanced Growth, Conservative Growth or Capital Preservation), as well as tax considerations.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will primarily include advice regarding no-load or load-waived mutual funds and exchange-traded funds (ETFs). The asset allocation within individual portfolios may be different based upon the individual's income tax situation, cash flow requirements and whether they are in the accumulation or distribution phase of their investment time horizon. Generally, mutual funds or ETFs are used as the underlying investment choice within a client's portfolio and as such we are generally unable to accommodate individual investment restrictions such as socially responsible investing.

We normally recommend that clients establish brokerage accounts with Schwab Institutional, a division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Waterford is independently owned and operated and not affiliated with Schwab.

##### Model Portfolio Management Services

Waterford may also manage portfolios for suitable clients through Orion Portfolio Solutions ("OPS"). OPS offers advisory services to Waterford (but not directly to clients) that consist of

access to asset allocation programs and investment reporting services for use in the management of client accounts. Through OPS, Waterford may select asset allocation portfolios which diversify client assets among mutual funds. The mutual funds provided consist of no-load fund families and load-waived class A share funds covering all major asset classes. Currently, Waterford generally uses the Litman Gregory (LG) models or the Vanguard (VG) models at OPS although there are other strategists available which we may utilize.

Each model portfolio represents a different asset allocation strategy. OPS retains third-party non-affiliated investment managers to design and manage model portfolios using mutual funds. In determining the initial allocation to be used, the client will complete a questionnaire which will be used to assist the client and Waterford in determining the suitability of OPS for the client.

We will furnish continuous advice as to the investment of the client's account at OPS based on the client's needs, current financial situation, financial goals and attitudes towards risk. This process will help us review the client's situation and enable us to recommend an initial selection of a suitable asset allocation model. We may suggest a reallocation of the client's portfolio based on changing economic conditions or changes in the client's individual circumstances. Under the OPS platform, the client will be assumed to have directed that the account be automatically invested in accordance with all adjustments and rebalancing of the asset allocation model unless the client instructs us to terminate such automatic adjustment and rebalancing.

### Financial Planning Services

Waterford provides its clients with a broad range of comprehensive financial planning and consulting services (including non-investment related matters). Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and distribution plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client.

In general, financial planning will address any or all of the following areas:

- Investment Advisory Services
- Retirement Accumulation and Distribution Planning
- Estate/Wealth Transfer Planning
- Income Tax Planning and Compliance
- Risk Management/Asset Protection Planning
- Elder Care/Long-Term Care
- Education Planning

We gather required information through in-depth personal interviews and/or comprehensive questionnaires. Information gathered includes a client's current financial status (i.e. Net-Worth Statement), current and anticipated cash-flows, future goals and attitudes towards risk. We carefully review related documents supplied by the client, including a questionnaire completed

by the client, and prepare a summary. Implementation of financial plan recommendations is entirely at the client's discretion. If a client wishes, and to the extent possible, Waterford is available to assist in the implementation of our financial planning recommendations.

Our financial planning recommendations are not limited to any specific product or service offered by a broker dealer or insurance company.

If requested by the client, we may recommend the services of other professionals (i.e.: attorneys, actuaries, etc.) for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from us. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Waterford if there are ever any changes in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

#### Consulting Services to 401(k), Pension and Profit Sharing Plans

Waterford may enter into an agreement to provide guidance to the Trustee(s) or Board of Trustees of 401(k), Pension and Profit Share Plans to assist them in managing their fiduciary obligations and other activities as directed by the Trustee or Board of Trustees. In this capacity, we may attend quarterly meetings, may assist in the preparation of the Investment Policy Statement (IPS), may assist in the selection of investments, monitor client's investments according to the adopted IPS, and participate in employee communications and education programs. The fee charged for services shall be a percentage of the plan's assets under advisement and will be contained in a signed Consultation Agreement with each plan trustee.

### **Item 5. Fees and Compensation**

#### Portfolio Management Services

Generally, for assets custodied at Schwab, Waterford charges an annual fee based on a percentage of assets under our management, in accordance with the following schedule:

<u>Assets under Management (\$)</u>	<u>Annual Fee (%)</u>
Up to \$499,999	1.20%
\$500,000 to \$999,999	0.90%
\$1,000,000 to \$1,499,999	0.70%
\$1,500,000 to \$4,999,999	0.50%
\$5,000,000 +	0.35%

Our annual investment management fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

Depending on the particular arrangement with each client, we will either directly debit their custodial accounts or invoice client directly for portfolio management fees.

### Model Portfolio Management Services

The annual fee for Waterford's portfolio management services offered through Orion Portfolio Solutions (OPS) will be charged as a percentage of assets under management. The OPS platform administration fee is generally assessed according to one of the schedules set forth below:

#### **Individual Accounts:**

##### Asset Based Fee (Breakpoint Schedule)

<u>From (\$)</u>	<u>To (\$)</u>	<u>Fee Schedule (%)</u>
\$0.00	\$50,000.00	0.45%
\$50,000.01	\$100,000.00	0.30%
\$100,000.01	\$500,000.00	0.20%
\$500,000.01	\$1,000,000.00	0.15%
\$1,000,000.01	\$5,000,000.00	0.10%

Annual Account Maintenance Fee per Account w/ Electronic Delivery \$25.00

Annual Account Maintenance Fee per Account w/ Mailed Statements \$50.00

#### **Updated Fee Schedule Effective September 1, 2022**

##### Asset Based Fee (Breakpoint Schedule)

<u>From (\$)</u>	<u>To (\$)</u>	<u>Fee Schedule (%)</u>
\$0.00	\$100,000.00	0.35%
\$100,000.01	\$250,000.00	0.30%
\$250,000.01	\$1,000,000	0.20%
\$1,000,000.01	All above	0.10%

Households below \$100k receive an additional \$75 fixed fee for each account

#### **Corporate Retirement Plans:**

All 401(a), 401(K), 403(b) – ERISA, and 457 plans are billed at a fixed .30% platform administration fee.

These fees are in addition to the percentage of assets fee charged by Waterford which ranges from 0.35 to 0.65% and the applicable Strategist Fee. In addition, clients will bear directly the fees and expenses charged by mutual funds. A description of these fees and expenses are available in each fund's prospectus.

There is no minimum account size required for this service. Fees will be payable monthly in arrears. If the client's account was not open for the entire month used to compute the fee, the fee will be based upon the number of days that the account was open during such month. The annual account maintenance fee is based on the daily average account balance for the period for

which fees are collected, and they are automatically deducted from the client's account as a condition of participation in the OPS platform.

### Financial Planning Services

Generally, for Financial Planning Services there is no additional charge to existing asset management clients. To the extent the client desires only financial planning or consulting services, the specific nature of the services shall be set forth in a separate written Financial Planning Agreement between the Advisor and the Client, for which services Advisor shall be paid a separate and additional fee.

### Consulting Services to 401(k), Pension and Profit Sharing Plans

The fee charged for services shall be a percentage of the plan's assets under management and will be contained in a signed Consultation Agreement with each plan trustee.

### Account Termination

Clients will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing us with a written notice at our principal place of business. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### Mutual Fund and ETF Fees and Expenses

All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund and or ETF directly, without the services of our firm. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which mutual fund or funds or ETFs are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and ETFs and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### Brokerage and Custodial Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, and custodial fees incurred as part of their account management. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices.



## Additional Compensation Received by Us

Gregory L. Kozerski, in his individual capacity as a registered representative and insurance agent of Cadaret Grant & Co., Inc., an SEC registered and FINRA member broker-dealer ("Cadaret"), will be able to effect securities transactions and/or purchase insurance and insurance-related investment products for Waterford's advisory clients. He will receive separate and additional commission compensation and mutual fund 12b-1 distribution fees. Clients, however, are not under any obligation to engage Mr. Kozerski when considering the purchase/sale of said securities or insurance products.

### **Item 6. Performance-Based Fees and Side-By-Side Management**

We do not charge any fees based on a share of capital gains or capital appreciation of the assets of a client.

### **Item 7. Types of Clients**

Our firm generally provides advisory services to individuals, pension and profit sharing plans, trusts and estates. We do not impose any statement minimum account size or minimum fee arrangement to engage our firm for services.

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

***Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.***

Our firm employs the following types of analysis to formulate client recommendations:

Asset Allocation: Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equity securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. An Investment Policy Statement is prepared for each client that generally identifies one of the following portfolio types and is used as the basis for making investment decisions within each client account:

	<u>Strategic Allocation</u>	
	Fixed Income	Equity Securities
Capital Preservation & Income	80	20
Conservative Growth	60	40
Balanced Growth	40	60
Capital Growth	20	80
Aggressive Growth	0	100

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equity securities, fixed

income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Fundamental Analysis: Fundamental analysis of a business involves analyzing its income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis school of thought maintains that markets may mis-price a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mis-priced security and then waiting for the market to recognize its "mistake" and re-price the security. However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. Our firm uses the following investment strategies to implement investment advice to clients:

Long-term purchases: We mostly purchase securities with the idea of holding them in the client's account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Also, if our predictions are incorrect, a security may decline in value before we make the decision to sell.

Margin transactions: We may purchase securities for your portfolio with money borrowed from your brokerage account. This allows you to purchase more securities than you would be able to with your available cash, and allows us to purchase securities without selling other holdings. Margin transactions will only be conducted as directed by the client.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

### **Retirement Account Rollovers**

Depending on a client's unique circumstances, we may recommend that a client rollover retirement plan assets to an Individual Retirement Account (IRA) managed by us. As a result of

a rollover, we may earn additional fees on those accounts. This presents a conflict of interest, as we have a financial incentive to recommend that a client roll over retirement assets into an IRA we will manage. This conflict is disclosed to clients verbally and in this brochure. Clients are also advised that they are under no obligation to implement the recommendation to roll over retirement plan assets. We attempt to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations
- Never put our financial interests ahead of yours when making recommendations
- Avoid misleading statements about conflicts of interest, fees, and investments
- Follow policies and procedures designed to ensure that we give advice that is in your best interest
- Charge no more than is reasonable for our services
- Give you basic information about conflicts of interest

#### **Item 9.           Disciplinary Information**

Our firm has no reportable disciplinary events to disclose.

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

As is disclosed in Item 5 of this Brochure, Waterford's President, Gregory L. Kozerski, in his individual capacity as a registered representative and insurance agent of Cadaret, will be able to effect securities transactions and/or purchase insurance and insurance-related investment products for Waterford's advisory clients; for this he will receive separate and additional compensation. Please refer to Item 5 for a detailed explanation of these relationships and important potential conflict of interest disclosures. Mr. Kozerski, in his individual capacity as a Certified Public Accountant (CPA), also provides tax compliance and planning services for advisory and non-advisory clients. Mr. Kozerski may charge clients separate and distinct fees for these non-advisory services, in addition to the advisory fees discussed in Item 5 of this Brochure. Some of these non-advisory activities may present a potential conflict of interest that may impair the objectivity of our firm when making advisory recommendations, to the extent that Waterford principals and owners may receive additional compensation as a result of recommending additional accounting, securities and/or insurance services to clients. We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address any potential conflict:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and its employees to earn compensation from advisory clients in addition to our advisory fees;
2. We disclose to clients that they are not obligated to purchase recommended investment products from our employees;
3. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
4. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
5. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
6. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
7. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

**Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

Code of Ethics Disclosure

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to Gregory L. Kozerski, President, at the firm's principal office address.

None of Waterford's advisory representatives may effect for himself or for his immediate family (i.e. spouse, minor children) (collectively "Covered Persons") any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of our clients, unless in accordance with the following firm Policy:

1. If Waterford is purchasing or considering for purchase any security on behalf of our client, no Covered Persons may transact in that security prior to the client purchase having been completed by Waterford, or until a decision has been made not to purchase the security on behalf of the client; and
2. If Registrant is selling or considering the sale of any security on behalf of Waterford's client, no Covered Persons may transact in that security prior to the sale on behalf of the client having been

completed by Registrant, or until a decision has been made not to sell the security on behalf of the client.

This Policy has been established recognizing that some securities being considered for purchase and sale on behalf of our clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of the securities. Under certain circumstances exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with our records. Open-end mutual funds and/or the investment subdivisions which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by Covered Persons are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited under the above Policy.

In accordance with Section 204A of the Investment Advisers Act of 1940, we also maintain and enforce written policies reasonably designed to prevent the misuse of material nonpublic information by Waterford or any of its associated persons.

## **Item 12. Brokerage Practices**

### Portfolio Management Services

We do not have any soft-dollar arrangements and do not contract with any broker dealer to receive soft-dollar benefits. This means that we do not receive research or gain access to industry analysts or conferences in return for paying higher commissions for client trades to a particular broker dealer.

We do not request discretionary authority to determine the broker dealer to be used for client accounts. However, if requested, we will arrange for the execution of securities brokerage transactions for the assets through Broker-Dealers that we reasonably believe will provide “best execution”. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Broker-Dealer’s services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

We may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. Although we may recommend that clients establish accounts at Schwab, it is the client’s decision to custody assets with Schwab. Waterford is independently owned and operated and not affiliated with Schwab.

Waterford has reviewed the services of Schwab and recommends the services based on a number of factors. These factors include the professional services offered, commission rates, and the custodial platform provided to clients. Based on its business model, we will not seek to exercise discretion to negotiate trades among various brokers on behalf of clients. We will, however, periodically attempt to negotiate lower commission rates for its clients with Schwab.

Waterford receives benefits from Schwab that it would not receive if it did not offer investment advice. Schwab provides our firm with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon Waterford committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Waterford client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Waterford other products and services that benefit our firm but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of our firm's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Waterford in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our firm's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help Waterford manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Waterford. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Waterford. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our firm's personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into

account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

#### Model Portfolio Management Services

In order to be eligible for OPS, clients are required to use Charles Schwab (“Custodian”) for trading and custody of their accounts. Therefore, we, through our recommendation of OPS, are recommending Charles Schwab as the custodian to be used. The client should carefully review all the terms and conditions of the agreement(s) client signs with the Custodian.

#### Trade Aggregation

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. Due to this practice, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers to block client trades. We may (but are not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. Any exceptions from the pro-rata allocation procedure will be carefully explained and documented. Such exceptions may occur due to varying cash availability across accounts, divergent investment objectives and existing concentrations, tax considerations, investment restrictions, performance relative to the applicable benchmark, performance relative to other accounts in the same strategy, and desire to avoid “odd lots,” (an amount of a security that is less than the normal unit of trading for that particular security).

### **Item 13.       Review of Accounts**

#### Portfolio Management/Asset Allocation Services

Reviews: For those clients to whom Waterford provides portfolio management services, account reviews are conducted on an ongoing basis by the firm’s President, Gregory L. Kozerski. All investment supervisory and financial planning clients are encouraged to discuss with Waterford his/her/their/its investment objectives needs and goals and will keep us informed of any changes regarding same. All clients are encouraged to meet, at least annually with Waterford to comprehensively review (to the extent applicable), financial planning issues, investment objectives and account performance.

Reports: Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Waterford provides portfolio management services (i.e. Schwab accounts) will also receive an annual report from us summarizing account activity and performance. Client participating in the OPS Program will receive reports no less than quarterly, prepared by OPS, showing account activity as well as position held in the account and portfolio performance.

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

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to our firm. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a disclosure that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the terms of the fee and any other relevant conflicts of interest

The annual fee paid to us by the client will NOT be increased above our normal fees in order to compensate the Solicitor as a result of a referral to our firm.

#### **Item 15. Custody**

Waterford does not maintain physical custody of any client funds or securities. Waterford is however deemed to have custody of client assets in two ways: directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and permitting clients to issue standing letters of authorization ("SLOAs"). SLOAs permit a client to issue one document that enables Waterford to make distributions out of the client's account(s) over time.

Clients provide written authorization to debit advisory fees from their account held by a qualified custodian. Each quarter, clients receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the value of assets on which the fee is based, and the time period covered by the fee. Advisory fees are not independently calculated or verified by the custodian. The client also receives a statement from the account custodian showing all transactions in the account, including the fee debit. Waterford encourages clients to carefully review the statements and confirmations sent to them by their custodian and to compare the information on the quarterly report prepared by Waterford to the information in the statements provided directly from Schwab. Clients should alert Waterford of any discrepancies.

#### **.Item 16. Investment Discretion**

For clients granting us discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), we request that such authority be granted in writing, typically in the executed investment advisory agreement.



Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

**Item 17. Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do, however, offer consulting assistance regarding proxy issues to clients if such assistance is sought by a client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

**Item 18. Financial Information**

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Waterford does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients. Waterford has never been the subject of a bankruptcy petition.