

# TFS Advisors, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of TFS Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (425) 776-0446 or by email at: [retire@tfsadvisors.com](mailto:retire@tfsadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about TFS Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). TFS Advisors, LLC's CRD number is: 167653*

100 2nd Ave South, Suite 300  
Edmonds, WA 98020  
(425) 776-0446  
[www.tfsadvisors.com](http://www.tfsadvisors.com)  
[retire@tfsadvisors.com](mailto:retire@tfsadvisors.com)

*Registration does not imply a certain level of skill or training.*

## **Item 2: Material Changes**

In this Item, TFS Advisors, LLC is required to identify and discuss material changes since filing its last annual amendment. Since filing its last annual amendment on March 24, 2023, there have been no material changes to report.

## Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	5
A. Description of the Advisory Firm	5
B. Types of Advisory Services	5
C. Client Tailored Services and Client Imposed Restrictions	7
D. Wrap Fee Programs	7
E. ERISA Accounts	8
F. Amounts Under Management	8
Item 5: Fees and Compensation	9
A. Fee Schedule	9
B. Payment of Fees	12
C. Clients Are Responsible For Third Party Fees	13
D. Prepayment of Fees	13
E. Outside Compensation For the Sale of Securities to Clients	13
Item 6: Performance-Based Fees and Side-By-Side Management	14
Item 7: Types of Clients	15
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss	16
A. Methods of Analysis and Investment Strategies	16
B. Material Risks Involved	16
C. Risks of Specific Securities Utilized	17
Item 9: Disciplinary Information	18
A. Criminal or Civil Actions	18
B. Administrative Proceedings	18
C. Self-regulatory Organization (SRO) Proceedings	18
Item 10: Other Financial Industry Activities and Affiliations	19
A. Registration as a Broker/Dealer or Broker/Dealer Representative	19
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor	19
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests	19
D. Recommendation of Other Advisers or Managers and How This Adviser is Compensated	20
E. Flourish Cash Bank Accounts	20
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	21
A. Code of Ethics	21
B. Recommendations Involving Material Financial Interests	21
C. Investing Personal Money in the Same Securities as Clients	21
D. Trading Securities At/ Around the Same Time as Clients' Securities	21
Item 12: Brokerage Practices	22
A. Factors Used to Select Custodians and/or Broker/Dealers	22
B. Aggregating (Block) Trading for Multiple Client Accounts	22

Item 13: Reviews of Accounts	24
A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews	24
B. Factors That Will Trigger a Non-Periodic Review of Client Accounts	24
C. Content and Frequency of Regular Reports Provided to Clients	24
Item 14: Client Referrals and Other Compensation	25
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)	25
B. Compensation to Non – Advisory Personnel for Client Referrals	25
Item 15: Custody	26
Item 16: Investment Discretion	27
Item 17: Voting Client Securities (Proxy Voting)	28
Item 18: Financial Information	29
A. Balance Sheet	29
B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients	29
C. Bankruptcy Petitions in Previous Ten Years	29

## Item 4: Advisory Business

### A. Description of the Advisory Firm

TFS Advisors, LLC is a Limited Liability Company organized in the state of Washington. The entity was formed in April 2008, but did not engage in any business from that time until becoming a registered investment adviser in August 2013. TFS Advisors, LLC provides investment consulting and advanced financial planning services which includes asset allocation and portfolio management services and customized financial planning solutions to its clients. This is the natural progression of services that began at Mr. Terwedo's career inception in 1983. The firm is owned by Dale Terwedo and Aaron Terwedo.

### B. Types of Advisory Services

TFS Advisors, LLC (hereinafter "TFS") offers the following services to advisory clients:

#### *Comprehensive Wealth Management Services*

TFS's approach is to help each client individually establish and then reach specific goals while staying within the risk tolerance level indicated by each client. TFS accomplishes this by spending focused time with each client, asking relevant questions, and discussing alternative ideas with the client.

At the beginning of the relationship, TFS meets with the new client, gathers information, performs research and analysis as necessary, and then develops an investment plan that is consistent with the client's desired rate of return, time horizon and risk tolerance. This plan is based upon information provided by the client. TFS considers such factors as:

- the size and source of the account,
- client's identity and background,
- the client's income and growth objectives,
- income tax bracket,
- potential estate taxes, and
- the client's relative risk aversion.

Investment objectives are established and recorded at this time. These objectives and other data are commonly revised or updated over time. TFS further assists its clients in implementing their investment plans by managing portfolios on a non-discretionary basis.

Throughout the relationship, TFS encourages and promotes regular dialogue with clients and with their other advisors, such as attorneys, accountants and other professionals.

### ***Selection of Other Advisers***

For certain clients, TFS provides investment advisory services in conjunction with third-party investment advisers. Before recommending other advisers for clients, TFS will always ensure those other advisers are properly licensed or registered as an investment adviser.

### ***General Consulting Services***

From time to time clients may engage TFS to provide certain services that are more limited in scope than the services provided in the Comprehensive Wealth Management Service described above. Examples include cash flow analysis, social security filing strategies, evaluation of insurance needs, retirement and/or education planning, business valuation, and other similar services.

### ***Investment Supervisory Services***

TFS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. TFS creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- |                              |                                |
|------------------------------|--------------------------------|
| • Investment strategy        | • Personal investment policy   |
| • Asset allocation           | • Asset selection              |
| • Risk tolerance             | • Regular portfolio monitoring |
| • Financial plan integration | • Risk management              |

TFS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

### ***Services Limited to Specific Types of Investments***

TFS generally limits its investment advice and/or money management to institutional mutual funds, equities, bonds, fixed income, ETFs, REITs, and government securities. TFS may use other investments as well to help diversify a portfolio when applicable.

### ***Buckingham Strategic Partners***

We have entered a co-advisory relationship with a third-party registered investment adviser, Buckingham Strategic Partners, LLC (“Buckingham”). Buckingham provides services that support the ongoing management of client accounts, transaction processing, order taking, reporting, portfolio rebalancing and billing in accordance with the agreement between the parties for a fee. Buckingham also manages client assets on a non-discretionary basis. We will conduct periodic due diligence of Buckingham regarding its services, fees charged, and registration requirements.

### ***Tax Preparation Services***

We provide tax preparation and tax return filing services (the “Tax Services”) through one of our employees, who is an Enrolled Agent. Such Tax Services are generally separate from and in addition to the wealth management services described above.

## **C. Client Tailored Services and Client Imposed Restrictions**

TFS offers the same suite of services to all of its clients. However, specific client Comprehensive Financial Plans and their implementation are dependent upon the client’s individual needs and the Investment Policy Statement which outlines each client’s current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent TFS from properly servicing the client account, or if the restrictions would require TFS to deviate from its standard suite of services, TFS reserves the right to end the relationship. *Clients are obligated to promptly notify TFS of any material changes in the client’s financial status, goals and objectives to ensure that TFS’s investment strategies continue to meet the client’s changing needs or to determine if there needs to be a change in the investment objectives and/or strategies. TFS will generally remind clients of this obligation on a regular basis.*

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. TFS does not currently participate in any wrap fee programs, but reserves the right to do so.

## **E. ERISA Accounts**

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 ("ERISA") and/or the Internal Revenue Code (the "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 (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- 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; and
- Give you basic information about conflicts of interest.

## **F. Amounts Under Management**

TFS has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$0	\$121,392,028	12/31/2023



## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Comprehensive Wealth Management Fees*

All clients who engage TFS for Comprehensive Wealth Management Services will pay an initial fee which will be determined and disclosed prior to the start of the engagement, which partially covers the completion of the information gathering process, setting up accounts and other preliminary administrative and planning work required for TFS to support a new client. The initial fee is generally \$2,500, but may vary per client. The client has the right to terminate the contract without penalty within five business days after entering into the contract. Any fees will be refunded within the five business day period. Additionally, ongoing Comprehensive Wealth Management fees are generally payable quarterly in advance and are charged based on the value of accounts managed at market close of the prior quarter end.

If management begins after the start of a quarter, fees are generally prorated accordingly, with the initial fee charged in arrears at the first quarter close after the engagement and based upon the account market value at the same quarter's close. Fees on deposited funds are charged as the deposits are made and are calculated on a pro rata basis. In the event a client deposits \$10,000 or more during a particular quarter, such client will be billed a pro-rata advisory fee based on the remaining number of the days in such quarter. Conversely, in the event a client withdraws \$10,000 or more during a particular quarter, such client will be refunded a pro-rata advisory fee based on the remaining number of days in such quarter.

Fees are calculated based on a percentage of assets under management, as valued by the custodian at the close of market on the last trading day of the quarter, and are not calculated based on a percentage of capital gains. The fee schedule for new clients is as follows. Accounts in the same household are normally aggregated and treated as one account for fee billing purposes.

This fee shall vary between (0.40% and 2.00%) depending on the:

- Market value of the assets under management
- Complexity of the client's financial situation
- Level of management services to be rendered

Fees may be adjusted based on:

- Future consideration of assets under management
- Related accounts

- Other factors as determined by the lead advisor

TFS is responsible for fees payable to Buckingham in consideration of the advisory and administrative services that Buckingham provides to TFS and its clients. In other words, the fee schedule listed below is inclusive of fees payable by TFS to Buckingham. Clients will not be separately charged by Buckingham.

Total Assets Under Management	Annual Fee*
First \$500,000.00	2.00%
Next \$500,000.00 to \$1,000,000.00	1.65%
Next \$1,000,000.00 to 2,000,000.00	1.35%
Next \$3,000,000.00 to \$10,000,000.00	1.25%
Above \$10,000,000.00	Negotiable%

The Firm generally requires a minimum of \$500,000 in investable assets per relationship with a minimum annual fee of \$7,500; however, the Firm reserves the right to require a lower minimum of investable assets and/or a lower minimum annual fee. It is therefore possible that clients receiving the same service from TFS are paying different fees.

Additionally, ongoing Comprehensive Wealth Management fees are generally payable quarterly, in advance and are charged based on the account value at market close of the prior quarter end. If management begins after the start of a quarter, fees are generally prorated accordingly, with the initial fee charged in arrears at the first quarter close after the engagement and based upon the account market value at the same quarter's close. Fees on deposited funds are charged as the deposits are made and are calculated on a pro rata basis, charging for the remaining days in the quarter. In the event a client deposits \$10,000 or more during a particular quarter, such client will be billed a pro-rata advisory fee based on the remaining number of the days in such quarter. Conversely, in the event a client withdraws \$10,000 or more during a particular quarter, such client will be refunded a pro-rata advisory fee based on the remaining number of days in such quarter.

Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

## ***Other Fees***

All fees paid to TFS for investment advisory services are separate and distinct from the fees and expenses charged by mutual and money market funds (described in each fund's prospectus) and ETFs to their shareholders. These fees will generally include an internal management fee and other expenses. Fees paid to TFS are exclusive of all custodial and transaction costs paid to account custodian, brokers or other third-party consultants, for which the client is responsible. The client should review all fees charged by mutual funds, ETFs, TFS and others to fully understand the total amount of fees to be paid by the client. Some custodians charge a transaction fee for trading in certain mutual funds, which would not be the case if the client were to have a separate account held directly by the mutual fund company. The custodian charges these fees for the convenience of having access to multiple mutual fund companies through one account. TFS clients will generally pay such transaction fees to their account custodian.

## ***Termination***

Should the client choose to terminate the engagement prior to completion of the preliminary administrative work, TFS will prorate the unused portion of the initial minimum fee, as determined by the amount of time spent to date on the planning process, charging work completed to date at an hourly rate not to exceed \$350 per hour.

## ***Financial Planning Fees***

### **Complimentary Consultation**

Prior to charging any fees, TFS offers at least one complimentary consultation to determine whether the clients' needs and TFS services are a good fit and offers a good opportunity for a productive relationship for all parties.

### **Hourly Fees**

The hourly rate at TFS is \$350, however TFS rarely works on an hourly basis.

### **Fixed Fees**

The standard fixed fee for the Comprehensive Financial Plan service is \$2,500 and is considered a one-time, initial setup fee as described above. Included in the Comprehensive Financial Plan is the "Social Security Maximizer (\$250 value)," "Investment Gap Analysis (\$500 value)," the "Investment Policy Statement" and the list of recommendations for implementation to achieve the desired results." The Social Security Maximizer and Investment Gap Analysis can also be purchased individually for \$250 and \$500, respectively. The fees are generally not negotiable (see "Fee Discounts" section) and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without

penalty within five business days of signing the advisory contract. Please note: At TFS our business is built around long-term mutually beneficial relationships so, it is only on a rare occasion that Comprehensive Financial Plans or standalone services are written.

### **Fee Discounts**

Although most fees are non-negotiable, there are some fees that are reduced under special circumstances. The Comprehensive Financial Plan initial service fee of \$2,500 is reduced to \$1,500 for clients coming from certain strategic business relationships. The asset fee schedule is adjusted for all clients whose assets at TFS total more than \$500,000 at the quarter-end figures such that the first \$1,000,000 has an annual fee 1.65% on the entire \$1,000,000; this will be reflected on the asset fee schedule attached to new contracts between TFS and the Client. If the clients' assets drop below \$500,000 due to client withdrawals, the fee schedule may be reinstituted to reflect the original 2% on the first \$500,000. However, if the assets drop below \$500,000 due to market conditions, TFS will not adjust the Client's fee schedule, and their first \$1,000,000 will continue to be billed at 1.65%.

### ***Tax Services Fees***

In consideration of our Tax Services, clients will generally pay a flat fee of up to \$500, depending on the nature and complexity of the client's tax return, and is in addition to the Comprehensive Wealth Management fees described above. The Tax Services fee is payable upon completion of the return, negotiable at our sole discretion, and billed to clients through a third-party payment processor.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees may be withdrawn directly from client accounts or invoiced and billed directly to the client quarterly in advance at the client's election.

In all instances, the Adviser will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and, if applicable, the amount of assets under management on which the fee was based and the name of the custodian(s) on your fee invoice. The Adviser will send these to the client concurrent with the request for payment or payment of the Adviser's advisory fees. We urge the client to compare this information with the fees listed in the account statement.

### ***Payment of Selection of Other Advisers Fees***

The timing, frequency, and method of paying fees for third-party managers will depend on the specific third-party adviser selected and will be disclosed to the client prior to entering into a relationship with the third-party adviser. Fees for Buckingham are withdrawn directly from the client's accounts with client's written authorization or may

be invoiced and billed directly to the client and clients may select the method in which they are billed. Fees are paid quarterly in advance.

### ***Payment of Financial Planning Fees***

The initial setup fee for Financial Planning is paid via check at the time that the contract is signed. There are no additional Financial Planning fees beyond the one-time, initial setup fee.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by TFS. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

TFS collects fees quarterly in advance. In the event of a refund, fees will be returned within fourteen days to the client via mailed check.

Buckingham collects its fees in advance.

For all asset based fees paid in advance the fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

The fixed initial setup fee that is collected at the signing of the contract, is not refundable with the exception of up to 5 days from the signing of the contract.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither TFS nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

TFS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

TFS generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals and Families
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Business Owners

### ***Minimum Account Size***

There is an account minimum, \$500,000, which may be waived by TFS, based on the needs of the client and the complexity of the situation.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

TFS's methods of analysis include fundamental analysis.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

#### *Investment Strategies*

TFS uses long term trading and strategic allocation.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

#### *Investment Strategies*

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally holds greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

TFS believes in a long-term, strategically-allocated approach that is predominantly passive in nature, utilizing institutional funds. TFS does not utilize short-term trading or market timing approaches.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**



## C. Risks of Specific Securities Utilized

TFS generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Precious Metal ETFs** (Gold, Silver, Palladium Bullion backed “electronic shares” not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither TFS nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither TFS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Dale Terwedo and Aaron Terwedo are licensed insurance agents and from time to time will act as a client's insurance agent and receive a commission for the sale of certain insurance products. Dale Terwedo and Aaron Terwedo spend approximately 5% of their working hours per week on these outside business activities.

The payment of an insurance commission creates a conflict of interest, as commissionable products generate additional compensation to the person that sold such insurance products. TFS always acts in the best interest of the client, including in the sale of commissionable insurance products to advisory clients. Clients are in no way required to purchase an insurance product through any representative of TFS in their outside capacities. Any product that may have a commission to be paid will be disclosed in advance of implementation.

Dale Terwedo is currently Treasurer of the Sunset Marina HOA. This is a non-compensated position. He has no check signing authority in this capacity and spends minimum time executing his responsibilities. This is not expected to represent a conflict of interest.

Aaron Terwedo is a Board Member for the Foundation for Edmonds School District. This is a non-compensated position. He has no check signing authority in this capacity and spends minimum time executing his responsibilities. This activity is not expected to represent a conflict of interest.

#### **D. Recommendation of Other Advisers or Managers and How This Adviser is Compensated**

For most clients, TFS recommends that clients utilize the advisory and administrative services of third party money managers. TFS will be compensated via its traditional fee schedule as shown in Item 5, and TFS will pay the applicable third party money manager fee (i.e., clients will not be separately charged by a third party money manager). TFS will always act in the best interests of the client, including when determining which third party manager to recommend to clients. TFS will ensure that all recommended advisers or managers are licensed or notice filed in the states in which TFS is recommending them to clients. Lower fees for comparable services may be available from other sources.

From time to time, the third party money managers recommended by TFS offer services and benefits that are intended to directly benefit TFS, clients, or both. Such services and benefits include (a) an online platform through which TFS can monitor and review client accounts, create model portfolios, and perform other client account maintenance matters, (b) access to technology that allows for client account aggregation, (c) quarterly client statements, (d) invitations to educational conferences, including associated travel expense reimbursement, (e) practice management consulting, (f) full or partial sponsorship of client appreciation or education events, and (g) occasional business meals and entertainment. The availability of such services and benefits from third party money managers creates a conflict of interest to the extent TFS may be motivated to retain a third party money manager as opposed to an alternative turnkey asset management provider (or to not retain one at all). TFS addresses this conflict of interest by performing appropriate due diligence on third party money managers to confirm their services are in the best interests of clients, periodically evaluating alternatives, and evaluating the merit of third party money managers without consideration for the benefits received by TFS.

#### **E. Flourish Cash Bank Accounts**

FS is a marketer for Flourish Cash bank accounts, an independent and unaffiliated banking platform offered to clients of investment advisers. The recommendation of Flourish Cash is not anticipated to create a conflict of interest as TFS does not receive any compensation from Flourish Cash for such marketing efforts; the utilization of Flourish Cash is simply intended to be an added benefit for clients. Clients are at all times free to open and/or maintain a bank account at any banking institution they so choose.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. We also adhere to the CFP Board's Code of Ethics. Our Code of Ethics is available free upon request to any client or prospective client and is also displayed on the wall next to the front door.

### **B. Recommendations Involving Material Financial Interests**

TFS does not recommend that clients buy or sell any security in which a related person to TFS or TFS has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of TFS will buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of TFS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. TFS will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of TFS will buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of TFS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. TFS will always transact client's transactions before its own when similar securities are being bought or sold.

## Item 12: Brokerage Practices

### A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodian, Pershing Advisor Solutions LLC (CRD# 36671) (“Pershing”), was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. TFS will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

#### *Research and Other Soft-Dollar Benefits*

TFS does not receive research and other soft dollar benefits in connection with client securities transactions, which are known as “soft dollar benefits”. However, Pershing does provide certain products and services that are intended to directly benefit TFS, clients, or both. Such products and services include (a) an online platform through which TFS can monitor and review client accounts or research market data, (b) access to proprietary technology that allows for order entry, (c) duplicate statements for client accounts and confirmations for client transactions, (d) invitations to educational conferences, at times at a discount, as well as access to proprietary and third-party publications, (e) practice management consulting, and (f) occasional business meals and entertainment. The receipt of these products and services creates a conflict of interest to the extent it causes TFS to recommend Pershing as opposed to a comparable custodial broker-dealer. TFS addresses this conflict of interest by fully disclosing this conflict of interest in this brochure, evaluating Pershing based on the value and quality of its services as realized by clients, and by periodically evaluating alternative custodial broker-dealers to recommend. TFS does not consider, in recommending a custodial broker-dealer, whether TFS or a related person receives client referrals from a custodial broker-dealer or third-party.

#### *Brokerage for Client Referrals*

TFS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### *Clients Directing Which Broker/Dealer/Custodian to Use*

TFS will require clients to use a specific broker-dealer to execute transactions. Not all investment advisers require their clients to direct brokerage. By directing brokerage TFS may be unable to achieve most favorable execution of client transactions and this practice may cost clients more money.

### B. Aggregating (Block) Trading for Multiple Client Accounts

TFS maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing TFS the ability to purchase larger

blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly by Dale Terwedo, CCO, or Aaron Terwedo, Managing Member. Dale Terwedo is the chief advisor and will review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at TFS are assigned to these reviewers.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Dale Terwedo, CCO and Aaron Terwedo, Managing Member. There is only one level of review and that is the total review conducted to create the financial plan. However, financial plans are reviewed with the client at each regularly scheduled meeting, usually on a quarterly basis. Clients also have access to the financial plan online should they choose to use it.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the client's account holdings including assets held and asset value which will come from the custodian. This is not a performance report. Additionally, a performance report will be provided quarterly. Clients also have access to values, including performance, online should they choose to use it.



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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

TFS has relationships with other professionals we will refer to without compensation.

For clients utilizing the advisory and administrative services of Buckingham as a third-party adviser, TFS does not receive any compensation directly from Buckingham; however, Buckingham does offer services that are intended to directly benefit TFS, clients, or both. Such services include (a) an online platform through which TFS can monitor and review client accounts, create model portfolios, and perform other client account maintenance matters, (b) access to technology that allows for client account aggregation, (c) quarterly client statements, (d) invitations to Buckingham's educational conferences at a discount, (e) practice management consulting, (f) full or partial sponsorship of client appreciation or education events, and (g) occasional business meals and entertainment. The availability of such services from Buckingham creates a conflict of interest, to the extent TFS may be motivated to retain Buckingham as opposed to an alternative turnkey asset management provider. TFS addresses this conflict of interest by performing appropriate due diligence on Buckingham to confirm its services are in the best interests of clients, periodically evaluating alternatives, and evaluating the merit of Buckingham without consideration for the benefits received by TFS.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

TFS does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

For clients that do not have their fees deducted directly from their account(s) and have not provided Adviser with any standing letters of authorization to distribute funds from their account(s), Adviser will not have any custody of client funds or securities.

For clients that have their fees deducted directly from their account(s) or that have provided Adviser with discretion as to amount and timing of disbursements pursuant to a standing letter of authorization to disburse funds from their account(s), Adviser will typically be deemed to have limited custody over such clients' funds or securities pursuant to the SEC's custody rule and subsequent guidance thereto. At no time will Adviser accept full custody of client funds or securities in the capacity of a custodial broker-dealer, and at all times client accounts will be held by a third-party qualified custodian as described in Item 12, above.

If a client receives account statements from both the custodial broker-dealer and Adviser or a third-party report provider, client is urged to compare such account statements and advise Adviser of any discrepancies between them.

## **Item 16: Investment Discretion**

TFS does not have discretion over client accounts at any time. The third party adviser may have discretion related to normal rebalancing of the portfolio.

## **Item 17: Voting Client Securities (Proxy Voting)**

TFS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

TFS does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither TFS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

TFS nor Dale Terwedo nor Aaron Terwedo have ever been the subject of any bankruptcy petition.