

Altus Capital Partners, Inc.

Brochure

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This Brochure provides information about the qualifications and business practices of Altus Capital Partners, Inc. If you have any questions about the contents of this Brochure, please contact us at (203) 429-2000.

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. Please note, where this Brochure uses the term “registered investment adviser” and/or “registered,” registration itself does not imply any certain level of skill or training.

Additional information about Altus Capital Partners, Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov

Item 2: Material Changes

There are no material changes since the last annual updating amendment filed in May 2023.

Item 3: Table of Contents

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Item 4: Investment Advisory Business

The investment adviser entity, Altus Capital Partners, Inc. (“Altus” or the “Firm”), was established in 2002 and commenced operations in 2003. Altus focuses on investing in private manufacturing companies. The Firm makes controlled investments in manufacturing companies, generally with estimated enterprise values between \$30 and \$100 million. The Firm is principally owned by Russell Greenberg (President) and by Gregory Greenberg (Vice President). The Firm’s Partners, who have voting authority on the Firm’s Investment Committee, are Russell Greenberg, Gregory Greenberg, and Heidi Goldstein.

Limited to the private equity sphere, Altus provides portfolio management and administrative services to private equity funds (the “Funds”) and co-investment funds (the “Co-Invests”). Altus’ services are provided pursuant to the negotiated operating agreements for each pooled investment vehicle, which delineates the specific terms of the relationship.

Altus's services to the Funds generally include analyzing, structuring, and negotiating potential investments, monitoring the performance of portfolio companies, and advising the respective Fund on disposition opportunities. These recommendations are communicated to the fund's General Partners, who delegate investment discretion to Altus.

The Funds’ objectives are to make private equity or equity-related investments in manufacturing companies. Focusing on the industrial sector, the Funds seek to invest in companies with a defensible market niche, proprietary technology, and strong brand recognition. Altus generally takes a controlling ownership or voting interest in a portfolio company and, through its board position, partners with the management of the portfolio company to strive to realize the portfolio company’s full potential. Altus supports each investment with human or capital resources required for further growth and regularly monitors each portfolio company from acquisition through exit to identify opportunities for creating value.

Pursuant to the investment strategy, there are situations where a co-investment vehicle is created. Generally, co-investment opportunities are or would be offered to current investors, members of the fund’s general partner, operating advisors, or any person who assisted with the investment sourcing or services or prospective investors. There are situations where the Firm would limit the offering in terms of minimum investment and to less than 100% of existing limited partners. The risk profile is greater in a co-investment since they invest in only one company. As a result, the higher risk due to concentration is not suitable for all investors. Co-Invests are formed following the execution of operating and subscription agreements. The Firm generally is the Managing Member in the Co-Invests. The Co-Invests invest directly in the portfolio company alongside the main Fund. The Co-Invest typically is an advisory client of Altus.

Altus does not participate in wrap-fee programs.

As of December 31, 2023, Altus has a total of approximately \$174,520,944 in discretionary assets under management.

Please see Item 8 for more information on advisory services and strategies.

Item 5: Fees and Compensation

Note: For a detailed breakdown of all fees and expenses, please refer to the respective fund's Private Placement memos. Additionally, although the Funds and Co-Invests do not generally use broker-dealers due to the private equity nature of the investments, please see Item 12 of this Brochure for more information related to brokerage.

Management Fee:

Terms of a fund operating agreement, including fees, are negotiated prior to execution and formation of the operating agreement. Under the negotiated terms of the fund agreements, Altus collects a management fee from the Funds unless fee terms are amended or otherwise re-negotiated. Altus deducts its fees directly from the relevant client's bank account. Management fees are usually paid quarterly in advance, generally either thirty days in advance of the quarter or during the first month of the quarter covered by the fee, first based on a percentage of capital commitments and thereafter on a percentage of invested capital in portfolio companies. Some investors are exempt from paying management fees, and the amount of invested capital is reduced by those limited partners that are exempt from paying management fees.

The current Co-Invests are not charged and do not pay a management fee. Additional information about the performance fee arrangement for the Co-Invests is more fully described in Item 6 below.

Unless otherwise negotiated, the following occurs: upon the disposition of a portfolio investment from the main Altus funds, all distribution, in-kind securities, dividends, interest, or other income is distributed to investors in accordance with the Limited Partnership Agreement. These proceeds reimburse Limited Partners up to 100% of their aggregate capital contribution for expenses, realized investments, and investments written to zero, plus a preferred return of 8% per annum, compounded annually. All remaining proceeds are divided such that the Limited Partners will receive an amount of the Profits (usually 80%) pro-rata and the General Partner will receive an amount of the Profits (usually 20%). These and other terms, including any other investment and return structures, are more fully explained in the negotiated Limited Partnership Agreements and corresponding documentation.

Other Expenses: The Funds incur additional fees and direct and indirect expenses, including for example, custodial, legal, accounting, auditor, consulting, insurance, brokerage, interest, and other administrative and transaction fees and costs. Generally, Altus will pay all normal operating expenses incurred during normal day-to-day

administrative services of the Funds, including overhead and expenses related to the sourcing, evaluating, and due diligence of all investments. Expenses associated with any investment prior to a Letter of Intent and not completed are generally paid by Altus. Expenses associated with any investment made by the Fund(s) are generally later reimbursed by the applicable portfolio company to Altus as part of the closing costs. These expenses generally include, but are not limited to, travel, travel meals, business meals, meeting expenses, legal and accounting services, market studies, insurance diligence, portfolio management placement fees, direct telephone expenses, and any direct expenses associated with the sourcing, analysis, negotiating and closing of the investment. These reimbursed expenses and fees are paid either by a direct debit from the Fund(s) bank account; a wire paid to Altus by the senior lender who is providing the leverage in the new transaction; or by a wire or check from the portfolio company to Altus.

Broken Deal Expenses: All expenses associated with a transaction under a “Letter of Intent” (“LOI”), which subsequently does not close, are reimbursed by the Fund(s) to Altus. These expenses are offset by any Break-up Fee if such a Break-up Fee is received by Altus. Any expense in excess of the Break-up Fee is reimbursed by the Fund(s) to Altus. These expenses are generally paid by the Fund(s) to Altus from a direct debit of their bank account. The offset of the Break-up Fee, paid to the Firm, less any expenses paid by the Firm directly related to the transaction, will be applied to reduce the management fee otherwise payable.

Portfolio Company Payments to Altus: Altus may assess a fee to portfolio companies held by a Fund. These fees may include a director’s fee, transaction fees, monitoring fees, and other similar service or advisory-related fees. Unless otherwise amended or renegotiated, an amount of these fees or other negotiated offsets may reduce the management fee otherwise payable from the applicable Fund to Altus (pro-rated to the date of exit, with no acceleration). (Certain portfolio companies utilize senior advisers or operating partners and these individuals are not related persons to Altus and are compensated directly by the portfolio company).

Co-Investment Expenses: The Co-Invests pay their own direct expenses. These generally include all carrying costs, including custody fees incurred. Such expenses are paid for by the Firm until there is a realization. The Co-Invests reimburse the Firm for expenses prior to distributing proceeds to investors. All origination and formation expenses are charged to the original transaction to be effectively covered by the invested equity. This is similar to the treatment of originating and transaction expenses of the main Fund. Specific terms for each vehicle are explained in the agreements, including amendments thereto.

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

In addition to the management fee, and unless otherwise negotiated, Altus assesses to the Funds a performance-based fee (generally 20%) of realized profits upon the disposition of a portfolio company or on interim dividends or other similar income received from investments. Proceeds from the net income of the Fund, including the proceeds from realizations, will reimburse limited partners up to 100% of their aggregate capital contribution for expenses, realized investments, and investments written to zero, plus a

preferred return of 8% per annum, compounded annually. All remaining proceeds will be divided such that the Limited Partners will receive generally 80% of the Profits, pro-rata and the General Partner will receive generally 20% of the Profits. Upon liquidation of a Fund, the General Partner is subject to a clawback of profits it received to the extent the LPs have not received their preferred return. These terms are more fully explained in the Limited Partnership Agreements.

The performance-based fee for the main Fund is different from the fee structure for the Co-Invests. The fee structure for the co-investment is disadvantageous to Altus as compared to the Fund. Generally, the Co-Invests pay a performance-based fee of 10-15% after investors earn an 8-10% preferred return calculated as simple interest.

Specific terms for each vehicle are explained in the agreements, including amendments thereto. All base and performance fees assessed to the Funds and Co-Invests are fully disclosed to investors in the respective operating agreements.

Item 7: Types of Clients

As mentioned in Item 4, the Firm provides investment management services to private equity funds and co-investment vehicles. The Co-Invests invest in certain portfolio companies, usually simultaneously with the Fund investment. Friends and family members of certain Altus-supervised persons invest in the Altus Funds through a side vehicle formed for that purpose. Such investors pay their individual share of the management fee and fund expenses and receive audited financial statements.

Altus required limited partners to make minimum capital commitments in the Funds. Altus also generally requires a minimum investment amount from investors for the Co-Invests. However, minimum investment sizes are negotiable under certain circumstances at the sole discretion of the Firm.

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

As mentioned in Item 4, Altus focuses on investing in industrial manufacturing companies domiciled in the United States. The Firm seeks to make control investments in lower-middle market companies with unique engineering competencies and technology-driven products. These businesses often have well-established product offerings and are leaders in certain or all of their markets but may lack the human or capital resources required to reach their potential or for future growth. The goal is to position portfolio companies for the next phase of their development. The Firm supports each investment with internal and external resources and independently evaluates each company from origination through exit to identify opportunities for creating value in concert with management. Altus views capable, committed management as a company's most valuable asset. Accordingly, the Firm generally regards management as partners in each transaction.

Risk of Loss: Investing in securities involves risk of loss, including loss of principal, that clients and investors must be prepared to bear. There is no assurance that any fund will achieve returns on investment or that there will be any return of capital. Investors must be sophisticated, capable of bearing all risks, and must read and understand all relevant documentation and consult with all necessary professionals before investing in any fund. There is no guarantee that any historical successes associated with any entity or person are repeatable.

Investing in the private equity space has particular risks. For example,

Nature of Investments

Private equity investments are not readily transferable; investments are illiquid, and there are long-term holding periods. Further, the value of a fund's investments in portfolio companies and its ability to implement favorable exit strategies on a timely basis can be adversely affected by a variety of factors, including internal portfolio company operating problems, industry developments, national, regional, or local business and economic developments, regulatory requirements and interest rate fluctuations.

Limited Diversification and Returns

A fund will participate in a limited number of investments, and, as a consequence, the Fund's aggregate return could be substantially and adversely affected by the unfavorable performance of a single investment. In addition, the Fund is permitted to concentrate its investments in a select number of companies or industries. If it does so, its portfolio will become more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular industry or such companies.

Competition for Investments and Unspecified Investments

Funds will compete with many other investors for attractive investments. Strong competition could adversely impact returns and/or prevent a fund from investing all of its available funds. There can be no assurance that a fund will be able to locate and complete investments or that it will be able to invest the entire amount of an investor's capital commitment.

No Assurance of Additional Capital for Portfolio Companies

After a fund has invested in a portfolio company, continued development and expansion of the company's products, services and markets can require additional capital. No assurances can be made that a fund will be able to make or arrange for alternate financing or follow-on investments or that the fund will have sufficient funds to do so. The unavailability of needed credit or investment capital could adversely affect a portfolio company and the fund.

Leverage

A fund can make investments in companies with leveraged capital structures. Such investments will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy, or deterioration in the condition of the applicable portfolio company or its industry. If a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of a fund's investment in such portfolio company could be significantly reduced or eliminated. Additionally, portfolio companies may be subject to restrictive financial and operating covenants as a result of their use of leverage. This leverage may impair these companies' ability to finance their future operations and capital needs. As a result, their flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used. Also, the securities in which a fund will invest may be among the most junior in any portfolio company's capital structure and thus subject to the greatest risk of loss.

Market Events and Volatility

At times, market events and volatile market conditions have had adverse impacts on the world, national, regional, and local economies and financial markets. In addition, terrorist attacks, other acts of violence or war, including invasions, health-related outbreaks, epidemics or pandemics, natural hazards, and/or force majeure, can negatively affect the operations and profitability of a portfolio company. Such events could also cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. A liquidity crisis in the global credit markets poses additional risks, including (i) increased difficulties in obtaining financing on desirable terms, (ii) potential inability to sell assets on a timely basis, and (iii) possible adverse effects on the prices at which investments can be sold. Any of these occurrences could have a significant impact on the operating results and revenues of a portfolio company and, in turn, on the return of a fund's investments.

Pandemic and Related Supply Chain Risk

Global and domestic supply chains can be and, in some cases, are under higher than usual pressure, resulting in delays in critical supplies and parts for manufacturers resulting from a pandemic or similar health emergency and related consequences. This, in turn, can lead to lower sales at portfolio companies, for example, if they are not able to timely or otherwise manufacture goods per customer demands.

Cybersecurity Risk

Due to the nature of private equity investing cycles, private funds are generally less susceptible than other types of investments to short-term cybersecurity risks, including denial of service attacks, ransomware, malware, and viruses. Nonetheless, cyberattacks and other security events remain a risk to both Altus and the portfolio companies in which the

Funds invest, particularly if such events involve compromise of account credentials or the unauthorized access or disclosure of confidential information. A cyberattack on a portfolio company in which a Fund invests could result in the portfolio company being unable to receive, process, or fulfill customer orders or may result in supply chain disruptions, which, if sustained for a lengthy duration, could eventually impact the valuation of such portfolio company. Cyberattacks on Altus itself could result in an increased likelihood of wire fraud, unauthorized disclosure of Altus, client, or investor information, or delays in closing a transaction. Altus mitigates these cybersecurity risks by leveraging third-party service providers for cybersecurity and technology expertise, network security, data replication, and regular testing and training.

Indemnification, Litigation, and Liabilities

A fund will likely be required to indemnify the general partner and investment adviser. Business activities will subject a fund to risks of litigation or other liabilities. Defense of claims and payments of awards may be costly. A fund's assets may be reduced to pay any liabilities or obligations.

Changes in Laws and Regulations

Legal, tax, and regulatory developments may adversely impact a fund.

Loss of entire investment with additional fees

Investors may lose their entire investment and have additional costs of disposing of the portfolio company. Investors may have legal and tax fees.

Questions regarding these risks and/or increased costs may be directed to the Firm. More description of risks is provided in specific fund documentation.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose legal or disciplinary events that are material to the advisory business or management. The Firm has no such legal or disciplinary events.

Item 10: Other Financial Industry Activities and Affiliations

As stated, Altus serves as the investment advisor for the Funds and Co-Invests. There is a general partner to each Fund and a managing member to the Co-Invests. The general partners are comprised of Altus employees. Altus is the managing member of the Co-Invest.

Pursuant to the operating and management agreements, the Firm's principals generally maintain several boards of director affiliations with the portfolio companies. Usually, at

least one member of the Fund's general partner sits on the board of each portfolio company, and, in many cases, two members of the Fund's general partner sit on the board. Alternatively, Altus can and, in the past, has appointed a vice-president or similarly appointed Firm employee to the board instead of two members of the Fund's general partner. Employees do not receive compensation for these board positions.

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

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, Altus has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the Firm. The Code of Ethics is distributed to all employees of Altus and they acknowledge receipt and understanding of same. The Code of Ethics describes the Firm's fiduciary duties and obligations to clients and sets forth the Firm's practice of supervising the personal securities transactions of employees who maintain access to client information. Specifically, the Firm collects and maintains records of securities holdings and employee transactions. The Firm reviews the personal trading practices of its employees to identify and resolve any potential or realized conflicts of interest.

As further explained in Item 12, typically, only one Fund is in its "Investment Period," meaning only one is actively making new investments until it has expired and has not been extended. This mitigates conflicts that could arise between clients that invest at the same time. The amount of each investment is governed by the partnership agreement, often including the maximum amount that could be invested in any one transaction without Advisory Board approval. The disclosed strategy will include the approximate number of portfolio companies to be invested in, the average amount of the initial investment, and amounts held in reserve for follow-on acquisitions, working capital, and other financial needs of the portfolio company. Co-investment procedures are also disclosed in the partnership agreement, including when they will be offered and to whom. Additional investments in co-investments by any investor exposes them to a higher risk, due to concentration.

Altus employees likely invest in co-investments for two reasons. One is as a requirement of their employment. New senior employees (typically principals) who join the Firm after a Fund is raised likely have not had the opportunity to make a commitment to the Fund. These senior employees' primary responsibility is sourcing and negotiating new portfolio investments, and to better align their interests with the Fund's interest, Altus can require that they make a meaningful investment in portfolio companies they source. The investment can be through a co-investment or directly into the portfolio company if no co-investment is raised. Second, Altus employees could elect to make an investment in a co-investment that is not a requirement of their employment. Such investment is treated the same way any other limited partner investment is treated.

In either case, any investment made by an Altus employee is disclosed to the Advisory Board, and if the Advisory Board does not object, the investment is completed.

Investors may request a copy of Altus's Code of Ethics by contacting the Chief Compliance Officer; contact information is provided on the Cover Page of this Brochure.

The Firm does not have proprietary vehicles and does not engage in principal transactions. In the rare event the Firm conducts a cross-fund transaction, the Firm will do so as only permitted by the relevant Fund documents.

Item 12: Brokerage Practices

Given the nature of private equity investing, the Firm does not generally utilize any brokerage platform or trade on any security exchanges.

Often, for each investment, a board is formed, for which Altus generally appoints three seats, the portfolio company generally appoints one seat, and agreement is reached on the fifth seat. This board votes on matters, including, for example if a broker-dealer is needed for a transaction. Altus may make recommendations for a broker-dealer, but this board retains the authority to choose the broker-dealer. Additionally, the board retains authority to select investment bankers used in transactions regarding the portfolio companies.

In its private investment process, Altus is typically approached by investment bankers to solicit bids on a company up for sale. The Firm receives a prospectus on a target company and, based on a review of the prospectus, may issue an "Indication of Interest" letter ("IOI"). If the seller accepts the IOI, then the investment banker will arrange for additional information to be provided to Altus and arrange for a visit to the company. Subsequently, the Firm may issue a "Letter of Intent" based on the preliminary due diligence. The transaction generally closes 90 days later, depending on due diligence, negotiations, and regulatory approval where required. All investment banker expenses during the buying process are borne by the Firm and reimbursed by the portfolio company if the transaction is successfully closed. Expenses paid to investment bankers are typically stipulated in the engagement letter.

When Altus wants to sell a portfolio company, the portfolio company's board will typically engage an investment banker to market the portfolio company. The investment banker is selected after an interview process where several investment bankers are invited to pitch their services. Altus generally selects three to five investment bankers that best fit the industry sector with a good track record. The portfolio company's board of directors makes the final selection of the investment banker, and an engagement letter is executed between the portfolio company and the investment banker. The investment banker prepares a marketing presentation, trains the portfolio company for prospective buyer meetings, and conducts an auction to solicit bids. The bids are presented to Altus. The offers are discussed with the portfolio company board and a winning bid is then selected by the board. The investment banker is paid a fee for a successful sale by the portfolio company. The fee is paid from the sale proceeds prior to any distribution to shareholders (Funds, management, mezzanine equity, and Co-Invests).

Altus only receives services from the investment banker that are directly related to the transaction. Transactions are negotiated with an unrelated buyer/seller and is controlled through attorneys.

Altus does not receive soft dollars.

As also explained in Item 11, while Altus operates more than one fund at a time, only one fund generally is in its “Investment Period.” Thus, only those investors in the active fund are funding new investments. In addition, Altus can raise a co-investment vehicle to fund new transactions consistent with its risk diversification strategy. The co-investments in Altus II are generally offered to all existing investors of the Fund during its investment period. If investors indicate more interest than is required to fund the co-investment, Altus can, for example, reduce all interest pro rata or raise the minimum investment. Investors are given the opportunity to change their interests once the final allocation is determined. If the Altus II investors do not raise enough funding, Altus will seek additional capital from sources outside of the Fund. In Altus III, Altus can offer and has offered co-investment opportunities to LPs, Operating Advisors, Members of the General Partner, or other such persons at Altus’ sole discretion that, for example, either assisted in the investment, add value to the Partnership’s activities; or become an investor in a subsequent close of the Fund or future fund.

Item 13: Review of Accounts

Altus provides written quarterly financial reports to clients and limited partners. These reports are prepared by Altus personnel and are reviewed and approved by the Investment Committee and the Chief Financial Officer. The reports include a summary of the Fund’s capital commitments, investments, and distributions, as well as a valuation of the portfolio companies. The reports also include a financial summary for each portfolio company as well as the Fund’s financial statements. In addition, investors receive annual audited financial statements. Please see Item 15. Investors are urged to review and compare all financial statements received.

Item 14: Client Referrals and Other Compensation

Altus has contractual arrangements with third-party placement agents or finders for investors to Funds. Generally, these parties receive a portion of Altus’ management fee or carry as compensation; in all cases, investors do not pay an additional fee for this arrangement. Altus works to ensure that all appropriate disclosures are made, all written documentation is maintained, and all applicable federal and/or state laws are observed.

Item 15: Custody

Per the SEC Custody Rule, Altus has custody. As general partners or managing members of the Fund and Co-Invests, Altus, its related persons, and its supervised persons have

access to the funds and securities of the Funds and Co-Invests. Additionally, Altus is able to deduct management fees once a capital call is made. All funds and securities are kept at a qualified custodian(s), other than certain privately offered securities to the extent permitted by the Advisers Act and the SEC. Qualified custodians send regular statements to the Funds and Co-Invests. The Funds, the Co-Invests, and the investors of each also receive statements from Altus. Annual audited statements from an auditing firm registered with the Public Company Accounting Oversight Board are also sent to investors. All statements from Altus and others should be carefully reviewed, and comparisons made between and among the qualified custodial statements, the auditor's statements, and Altus' statements.

Item 16: Investment Discretion

Altus has discretionary authority over the Funds, specifically, Altus maintains discretionary authority over the selection of portfolio companies to be bought or sold in the Funds without obtaining prior consent or approval from investors. These purchases or sales are subject to specified investment guidelines and limitations set forth in each respective Fund's negotiated Limited Partnership Agreement. Altus has discretionary authority over the Co-Invests, set forth in the Co-Invests' negotiated formation document.

Item 17: Voting Client Securities

Altus does not accept the authority to vote for client securities. Applicable to the private equity space, Altus typically maintains a controlling interest in each portfolio company. Business decisions are generally made in a collaborative effort between Altus and senior management of the portfolio company.

Item 18: Financial Information

Rule 206(4)-4 of the Investment Advisers Act of 1940 requires advisers to disclose certain information about their business practices that might serve as material to the client's decision in choosing an investment adviser.

As of the date of this filing, Altus does not require the pre-payment of any fees or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.