

Powers Investment Advisory Corporation (PIAC)

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**Firm Brochure
Part 2A of Form ADV
Updated December 12, 2011**

This brochure provides information about the qualifications and business practices of Powers Investment Advisory Corporation (PIAC). If you have any questions about the contents of this brochure, please contact us by telephone at (440) 442-4483, by facsimile at (440) 442-4485 or through our web site at www.powersiac.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 Powers Investment Advisory Corporation (PIAC) is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

The following material changes have been made to our brochure since our annual amendment was filed on June 22, 2011:

- Disciplinary Information section has been amended to meet state disclosure requirements.
- Research and Other Soft Dollar Benefits has been amended to disclose discounts on investment related products provided by the Adviser's broker/dealer.
- Requirements for State-Registered Advisers section has been added to meet the requirements for State registered Advisers.

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Firm Brochure
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ADVISORY BUSINESS

The Firm - PIAC

In September 1984, William P. Powers established Powers Investment Advisory Corporation (herein after referred to as “PIAC” or the “Firm”). PIAC is an investment advisory firm registered with the Ohio Division of Securities. In June 2005 William’s son, Andrew, joined PIAC. Together they share in the operation of PIAC and are Investment Adviser Representatives of PIAC (hereinafter they are referred to as the “Advisor(s)”).

PIAC provides its clients financial planning and consulting services as well as discretionary and non-discretionary investment advisory services. PIAC’s Advisors are FINRA licensed Registered Representatives with Cadaret, Grant & Co., Inc. a member of FINRA and SIPC (hereinafter referred to as the “broker/dealer” or “Cadaret, Grant”). PIAC’s Advisors offers to provide investment advisory services to clients where custody of the accounts is maintained at Pershing, LLC an affiliate of the Bank of New York Mellon, Member FINRA/SIPC, (hereinafter referred to as the “custodian” or “Pershing”). At a minimum, each client will receive confirmation of all trades, monthly statements of activity and balances, and quarterly consolidated appraisals with asset performance calculations from the custodian.

Services Provided

Financial Planning and Consulting:

PIAC’s Advisors offers clients financial planning and consulting services relating to:

- Estate Planning and Settlement;
- Employee Benefit Planning
- Tax Management;
- Investment Management;
- Retirement Planning;
- Risk Management (insurance);
- Financial Planning; and
- Other investment and non-investment related matters, such as income tax preparation services.

Clients are required to enter into a Financial Planning and Consulting Service Agreement prior to engaging PIAC to provide financial planning or consulting services. This agreement sets forth the terms and conditions of the engagement, describes the scope of services to be provided, and the fee(s) that the client will be charged.

The Advisor(s) collect the client's personal and financial data, including their desired financial goals and objectives. The Advisor(s) then analyze the data and make recommendations, both orally and/or in writing for the planning or consulting service(s) that the client had indicated in the Financial Planning and Consulting Service Agreement. All recommendations are client specific based on the client’s financial goals, risk profile and return objectives, and may involve working with other professionals (attorneys, CPAs, etc.), or the use of financial products (insurance and/or securities). Clients are not obligated to engage the services of any

recommended professional. Clients retain absolute authority over all implementation decisions and are free to accept or reject any recommendation from PIAC or its Advisor(s). Clients are free to select any brokerage firm, insurance company, or similar sales agency he/she desires for the implementation of any recommendations made during the analysis of their personal and financial information. Should the client decide to implement the Advisor's recommendations with PIAC, investments will be transacted through PIAC's broker/dealer. This will cause a potential conflict of interest since fees and commissions may be paid to PIAC or its Advisor(s) on these transactions. PIAC or its Advisor(s) generally charge either an hourly or fixed fee for financial planning and consulting services.

Investment Management Services

Prior to engaging PIAC to provide investment management services, clients are required to enter into a formal Investment Advisory Agreement with PIAC setting forth the terms and conditions under which the Advisor will manage the client's investments, and the fees or other charges the client will pay. Separate custodial documents may also be required prior to establishing an account.

Upon signing PIAC's Investment Advisory Agreement, clients grant PIAC's Advisors limited discretionary authority to manage their portfolios on a discretionary basis, and to respond to inquiries from and communicate and share information with the client's attorney, accountant and other professionals to the extent necessary in the furtherance of PIAC's services. Clients also authorize PIAC and/or their account custodian(s) to debit their account(s) for payment of investment advisory fees.

PIAC provides investment advisory services for the client(s) and determines a suitable portfolio based upon the information provided by the client as to the client's investment objectives, risk tolerance and financial circumstances. PIAC's Advisor(s) primarily recommend that clients allocate their investment assets among various equity and fixed income mutual funds (including "no-load" funds), REITs, individual equities, bonds and other fixed income securities, ETFs, and brokered CD's. The Adviser(s) then design an investment portfolio in accordance with the client's investment objectives, risk tolerance, and investment restrictions (if any) imposed by the client. The Advisor(s) manage these portfolios on either a discretionary or non-discretionary basis depending on the client. As of PIAC's fiscal year end (September 30), PIAC manages 102 discretionary accounts totaling \$23,828,608 and 68 non-discretionary accounts totaling \$7,622,365.

Commission Business and Transactions

Should the client desire, they could engage PIAC's Advisors, William P. Powers and/or Andrew J. Powers, in their individual capacity as a registered representative of Cadaret, Grant to implement investment recommendations on a commission basis. Client choosing to purchase investment products through Cadaret, Grant will be charged brokerage commissions to effect these securities transactions.

PIAC's Advisor(s) are also licensed as life and health insurance agent(s). As life and health insurance agents, the advisor(s) are able to sell insurance and insurance products to clients with

those needs. The Advisor(s) receive separate and standard commissions for the sale of these products.

FEES AND COMPENSATION

Planning and Consulting Service Fees:

Fees charged by PIAC are dependent upon the services rendered to the Client. The Advisor(s) charge either a fixed or hourly fee for services under PIAC's Financial Planning and Consulting Service Agreement. PIAC's financial planning and consulting service fees generally range from \$300 to \$1,500 on a fixed fee basis, or up to \$150 on an hourly basis, depending upon the complexity of the plan and level and scope of the services required by the Advisor(s) or other professionals. Fees are not negotiable.

For financial planning services, fifty percent (50%) of any fixed fee is payable upon signing the Financial Planning and Consulting Agreement, with the balance payable upon the presentation and delivery of the financial plan. Prepayment of fees will not exceed \$500, unless the services are rendered within six (6) months of execution of the Financial Planning and Consulting Agreement.

For consulting services, an initial retainer may be required upon signing the Financial Planning and Consulting Agreement. Clients are billed in fifteen (15) minute increments (\$37.50 maximum per 15 minutes) and will receive a billing invoice at the end of the consultation.

Fees for Estate Settlement Services are based on the size of the estate, probate cost, and legal cost recovery for any attorney fee incurred. Legal costs are paid by PIAC and PIAC only charges the client for reimbursement of out-of-pocket legal cost. The maximum fee charged by PIAC is \$15,000 plus recovery of legal cost.

Income Tax Preparation fees are billed upon completion of the tax returns and is due and payable upon receipt of the invoice. Fees for Ohio based clients are \$300 for a basic package, which includes Federal, State, and City income tax returns. Fees for out-of-state clients are \$350 for the same package. The basic tax return package includes Schedules A, B, D, and E. Returns requiring the preparation of Schedule C (self-employment) will incur an additional fee of \$50. Fees for trust and estate income tax returns are \$500.

Investment management clients with assets under management in excess of \$250,000 receive PIAC's financial planning services as part of the 1% fee for assets under management. Investment management clients with less than \$250,000 of assets under management pay for all financial planning services as agreed upon under PIAC's Financial Planning and Consulting Service Agreement

Termination of Planning and Consulting Services

Clients may terminate PIAC's Financial Planning and Consulting Service Agreement at any time without penalty upon written notice. If a client has contracted for consulting services or a

financial plan and terminates the agreement prior to completion of services or receiving the plan, the retainer is refunded less the applicable hourly charge for any completed work.

Investment Management Fees

The fees for investment management services are based on 1% of the assets under management plus an annual administrative fee of \$250. The \$250 administrative fee is stepped down \$75 for each \$25,000 increment over the \$75,000 minimum, and is waived when the Client's assets under management reach \$150,000. Clients with assets in excess of \$250,000 under management receive a credit offset for investment transaction based commissions received by PIAC's Advisor(s) as a result of any buy/sell activity in their portfolios. The credit offsets can only reduce the gross annual fee by 50%. Credit offsets are calculated based on the portfolio activity for the quarter previous to the current billing cycle. Billing cycles are January, April, July and October. Fees are billed quarterly in advance, and are not negotiable.

The investment management fees are payable quarterly in advance, based upon the market value of the Assets on the last day of the previous quarter as valued by the Custodian. However, (a) the fee for the initial quarter shall be calculated on a pro-rata basis commencing on the day that the Assets are initially designated to PIAC for management; and (b) if the broker/dealer or custodian only issues statements on the Account as of the last business Friday of each month (or the next preceding business day if such Friday is a holiday), then the date of the statement so issued as of the last month in any calendar quarter shall be deemed to be the last business day of such quarter for billing purposes.

Clients may choose to be billed directly by PIAC for management fees with payment due within 15 days of receipt of the billing invoice, or have management fees directly deducted from their accounts by the broker/dealer or custodian of their account(s).

If the client chooses to have management fee directly deducted from their account, the Advisor will send a quarterly invoice to the Custodian setting forth the Advisory Fee due for the quarter. Upon signing PIAC's Investment Management Agreement, the client authorizes the custodian to deduct the Advisory Fee from the Account and remit the same to PIAC pursuant to its invoice. The custodian shall not be required to verify the Advisor's calculation of the Advisory Fee. To satisfy the payment of the Advisory Fee, funds will be deducted directly from the Account, and if necessary, from liquidating holdings in the following order: (a) cash positions; (b) money market funds, or (c) current positions in the Account. It should be noted that some mutual funds and securities that are purchased and sold for the Account may have transaction fees, commissions, and/or redemption fees that will be charged to the client. These transaction fees, etc. are not shared with PIAC or its Advisors and are paid directly to the broker/dealer or custodian.

All fees paid to Powers Investment Advisory Corporation are separate and distinct from other fees the client may pay, including transaction fees, short term trading fees, underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund's prospectus, and custodial fees. In addition, clients may pay brokerage and transaction fees, commissions, transfer taxes, exchange fees, and any other charges that may be imposed with regard to the client's brokerage account.

Termination of Investment Management Services

A client may terminate Investment Management Services at any time by giving written notice to PIAC or its Advisor(s) at least (7) days prior to the date of termination (the "Termination Date"). Effective on the Termination Date, the Advisor shall refrain, without liability, from taking any further action with respect to the Account. PIAC will cease to be entitled to receive fees for any period following the Termination Date.

Clients terminating their advisory relationship with PIAC prior to the end of the quarter are entitled to a pro-rata refund of any unearned investment management fee at time of termination. PIAC will determine the refund amount by taking the current quarterly fee and divide it by 90 (the number of days per quarter). The result is then multiply by the remaining number of days left in that billing quarter to arrive at the amount that the client will be refunded.

The client will have immediate access to the assets in his or her account(s), subject to any restrictions imposed by the broker/dealer or custodian of the accounts.

Termination of PIAC's Investment Management Agreement shall not affect either (a) the validity of any action taken by the Advisor pursuant to the Agreement, or (b) the liabilities and obligations of the parties with respect to any transactions effected prior to the Termination Date.

The death, disability or incompetency of the client will not terminate or change the terms of PIAC's Investment Advisory Agreement. However, the client's executor, guardian, attorney-in-fact or other authorized representative may terminate the Agreement by giving written notice to PIAC or its Advisor(s). The client and/or its authorized representative recognize that the Custodian may not permit any further Account transactions until such time as any required documentation is provided to the Custodian.

Brokerage Commissions

In the event the client chooses to purchase investment products through the Advisor in his individual capacity as a Registered Representative of Cadaret, Grant, brokerage commissions will be charged by Cadaret, Grant to effect securities transactions. A portion of the commissions charged will be paid by Cadaret, PIAC's Advisor in accordance with Cadaret, Grant's normal commission schedule. The brokerage commissions charged by Cadaret, Grant may be higher or lower than those charged by other broker/dealers. In addition, Cadaret, Grant, as well as PIAC, may receive additional ongoing 12b-1 trail commissions on mutual fund purchases during the period that the client maintains the mutual fund investment.

Clients usually pay an up-front sales load on Class A shares. Class B and C shares usually have no front-end load (sales charge) but have a contingent deferred sales charge and carry higher annual expense charges levied by the mutual fund company. In addition, Class A shares offer clients breakpoints (discounts on sales charges) at various investment amounts; whereas, Class B and Class C shares do not offer breakpoints. Clients must be aware that they may pay a contingent deferred sales charge upon the redemption (sale) of Class B and C share mutual funds in their account(s). Clients may also incur a short-term trading fee imposed by mutual fund companies if the fund is sold or exchanged within a certain period of time. Clients are given a

prospectus that outlines commissions, fees, and trading restrictions, as they may vary among the different fund companies.

PIAC's Advisor may recommend insurance products, such as annuities. These products have fees (such as annual, administrative, and mortality) and expenses attached to them. Besides these fees and expenses, insurance companies generally impose surrender charges on clients for the early withdrawal of funds or cancellation of the annuity contract. Clients are given a prospectus when purchasing a variable annuity, which outlines the fees, expenses and surrender charges that the client may pay.

The Advisor may recommend non-exchange-traded Real Estate Investment Trusts (REIT) to clients. When a REIT is recommended, a prospectus, which details the fees and expenses, is provided to the client. Typically, a portion of each investment in a REIT is used for fees and expenses. Non-traded REITs are long-term illiquid investments. In the event that a client has to surrender the REIT early, the client will typically have a back-end surrender charge.

Potential Conflicts of Interest Resulting from Commissions

A potential conflict of interest arises when PIAC's Advisors make recommendations for additional services for which they will earn compensation in the form of commissions or fees in addition to the fees charged for financial planning and investment management services. As a FINRA licensed representative of Cadaret, Grant and licensed Life and Health Insurance broker/agent, PIAC's Advisors may recommend investment or insurance products for which they would be compensated by commissions. The risk to the client is that the Advisors could potentially make recommendations in their own best interest rather than that of the client.

How is the potential risk of conflict of interest mitigated?

As a fiduciary, PIAC and its Advisors are obligated to serve the client's best interest in all dealings. Therefore, the Advisors recommend that clients enter into an advisory agreement and pay for services as a percent of assets under management rather than commissions, thereby aligning the interest of clients and the Advisors.

All recommendations are made based on the belief that they are in the best interest of the client. Furthermore, while the costs, risks and advantages of any investment or insurance product are carefully weighed before being recommended to a client, the commission the Advisors may or may not receive is not taken into consideration. These products are offered by PIAC and its Advisors in order to provide comprehensive financial planning services.

Clients compensate PIAC on a fee basis for financial planning and ongoing investment management. This includes ongoing recommendations and help implementing these recommendations should the client choose to accept them. Clients retain absolute authority over all implementation decisions and are free to accept or reject any recommendation made by PIAC. Clients may select any broker, brokerage firm, insurance or other product sales company, or any other professional he or she desires for the implementation of any recommendations made by PIAC.

As noted earlier in the Investment Management Fee section above, PIAC gives clients a credit offset for investment transaction based commissions received by PIAC's Advisor(s) as a result of any buy/sell activity in their portfolios.

Brokerage and Custodian Transaction Fees

All security transactions placed with PIAC's broker/dealer (Cadaret, Grant) are executed through the broker/dealers clearing firm, Pershing. Advisory fees charged by PIAC are separate and distinct from other fees the client may pay including but not limited to:

- Transaction fees such as ticket charges paid to the broker/dealer or custodian
- Ticket Charges for transactions in Managed Accounts sponsored by the broker/dealer
- Commissions, if applicable
- Inactivity Fees
- Custodial fees for overnight mail, wire orders, checks returned for insufficient funds for those clients with check writing privileges
- Precious Metal Storage Fees
- Custodial maintenance and termination fees for IRA's
- Limited Partnerships & Private Placement Fees
- Other service fees under special circumstances

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither PIAC nor its advisors charge clients fees based upon a share of capital gains or capital appreciation of the assets in the client's account.

TYPES OF CLIENTS

PIAC's clients are generally comprised of individuals, trust and corporations. PIAC does not impose any restrictions on clients regarding opening or maintaining accounts.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis - Fundamental Analysis

PIAC Advisor employs the following methods of analysis prior to purchasing or selling a security for a client's account:

- Fundamental Analysis - is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. In doing so, the Advisor attempts to study everything that can affect the securities value (like the overall economy and industry conditions) and company-specific factors (like financial condition and management). Based on the advisor's analysis they can produce a value for the security and compare it with the securities current price to determine what position to take (if any) regarding that security.

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.

- **Risks For All Forms Of Analysis** – PIAC securities analysis methods rely on the assumption that the companies whose securities it purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While PIAC is alert to indications that data may be incorrect, there is always a risk that its analysis may be compromised by inaccurate or misleading information.

Investment Strategy - Asset Allocation

When PIAC's Advisors constructs a new portfolio for a client, they begin with a very basic risk tolerance questionnaire. The Advisors use this assessment along with the client's own description of their risk profile to establish a very basic asset allocation model. Once the Advisors have established the percentages for each asset category, they begin to search for specific investments which generally include, but are not limited to, various equity and fixed income mutual funds (including "no-load" funds), REITs, individual equities, bonds and other fixed income securities, ETFs, and brokered CDs.

The Advisors search for securities based on the client's objectives and risk tolerance (i.e. growth versus income). To aid in their search, PIAC purchases research from several sources including ValueLine, Argus Research, and Zacks Investment Research. The Advisors use the screening tools and research reports from these providers to determine which securities might be timely buys. In addition, The Advisors search for stocks with above average dividend yields at reasonable prices and P/E ratios. The Advisors sell securities as the client's investment objectives change; when the securities have higher than average gains; or if the future outlook for any given stock or security turns unfavorable (i.e. lowered earnings guidance or estimates, etc.).

PIAC's overall strategy, based on the demographics of its client base, is to manage accounts to generate income (especially given the current market trends). PIAC's Advisors don't use any one specific investment strategy. The Advisor's investment strategy is tailored specifically to the needs of each client.

Risk of Loss

Investors must be aware that there is a potential risk of loss to any investor whether or not they decide to invest their money. If investors decide to invest their money, they are obligated to assume a portion of risk. The amount of risk that they assume varies from investor to investor, and is one of the contributing factors for an Advisor in determining a suitable portfolio for its client. The following is a list of some of the risk that an investor may be exposed to:

- **Systematic (Market) Risk** – These are risks that affect the entire market and cannot be avoided through diversification. This risk may be caused by events such as changing interest rates, a recession, or wars.

- Unsystematic Risk – These are risks specific to a company or industry sector and may be avoided or mitigated by diversification.
- Credit Risk – The risk that a company or municipality will not be able to repay its lenders. This is very important to those investing in fixed-income investments such as bonds.
- Country Risk – This is risk associated with investing in foreign securities. This risk includes political, exchange rate, economic, sovereign and transfer risk (which is the risk of capital being locked up or frozen by government action.)
- Liquidity Risk – The risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss.
- Interest Rate Risk – The risk of changing interest rates and their impact on interest-bearing assets, such as bonds. In general, as interest rates increase, the price of a fixed rate bond will decrease, and vice versa.

If investors decide not to invest their money, they face the risk of loss of potential gains they would have earned had they been invested.

DISCIPLINARY INFORMATION

PIAC and its Advisor are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

Neither PIAC nor its Advisor have ever been convicted of, or pled guilty or no contest to:

- Any felony;
- A misdemeanor that involved investments or investment related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion;
- Conspiracy to commit any of these offenses; in any domestic civil or criminal, foreign or military court of competent jurisdiction.

Neither PIAC nor its Advisor has ever been found to:

- Have caused an investment related business to lose its authorization to do business;
- Have been involved in a violation of an investment related statute or regulation in any proceeding before the SEC, any other federal regulatory agency, and state regulatory agency, or any foreign financial regulatory authority.

Neither PIAC nor its Advisor has ever been found to:

- Have caused an investment related business to lose its authority to do business;
- Have been involved in a violation of the SRO's rules and was bared or suspended from membership or from association with other members, or was expelled from membership; significantly limited from investment related activities; or fined more than \$2500 dollars; in any Self-Regulatory Organization (SRO) proceeding.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As discussed earlier in this brochure, PIAC's Advisors are FINRA licensed Registered Representatives with Cadaret, Grant & Co., Inc. a member of FINRA and SIPC. PIAC's Advisors offers to provide investment advisory services to clients where custody of the accounts is maintained at Pershing, LLC an affiliate of the Bank of New York Mellon, a member of FINRA/SIPC, and is the clearing broker/dealer for Cadaret, Grant.

PIAC does not recommend or select other investment advisers to its clients, nor does it have any related persons that are one of the following:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker
- Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- Other investment adviser or financial planner
- Futures commission merchant, commodity pool operator, or commodity trading advisor
- Banking or thrift institution
- Accountant or accounting firm
- Lawyer or law firm
- Insurance company or agency
- Pension consultant
- Real estate broker or dealer
- Sponsor or syndicator of limited partnerships.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics Disclosure

PIAC has adopted a Code of Ethics Policy. The Code set forth a standard of business conduct for the Firm and all persons associated with the Firm. The purpose of this Code is to set out ideals for integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence for the Firm and its associated persons to espouse in the interest of the Firm and investor protection. In particular, the Code is designed to:

- Protect the clients by deterring misconduct.
- Protect PIAC's reputation.
- Guard against violations of the securities laws.
- Establish procedures to ensure that Advisors conduct themselves ethically at all times.

In an effort to meet the above obligations, the Code sets out policies and procedures that PIAC's Advisors are expected to follow in the following areas:

- Compliance
- Privacy and Confidentiality
- Personal securities transactions and reporting
- Insider trading
- Conflicts of interest / outside business activities

- Gifts and Entertainment
- Reporting violations and sanctions
- Record keeping

Clients and prospective clients may obtain a complete copy of PIAC's Code of Ethics upon request by contacting their Advisor in writing at 279 Skye Road, Highland Heights, OH 44143 or calling at (440) 442-4483 or (440) 241-1536.

In accordance with Section 204A of the Investment Advisers Act of 1940, PIAC also maintains and enforces written policies and procedures reasonably designed to prevent the misuse of material non-public information by PIAC or any access persons of PIAC with regards to their personal securities transactions.

Privacy Notice Statement

PIAC also protects the personal non-public information of its clients and employees, and its Advisors are expected to exercise diligence and care in maintaining and protecting the client's non-public confidential information. PIAC holds all personal information provided to the Firm in the strictest confidence. The records that PIAC maintain include all personal information that the Advisors collect from clients in connection with any of the services provided by PIAC. PIAC has never disclosed information to non-affiliated third parties, except as permitted by law, and does not anticipate doing so in the future. If PIAC were to anticipate such a change in its Firm's policy, it would be prohibited under the law from doing so without speaking with the client first. The Advisors use health and financial information that the client provides in order to help the client meet their personal financial goals. PIAC has established the following procedures to mitigate any real or perceived infringements of the client's rights of privacy:

- PIAC limits employee and agent access of information to only: 1) those who have a business or professional reason for knowing (i.e. broker/dealer or custodian); 2) non-affiliated parties as permitted by law (i.e. federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or attorney.); or 3) those required by judicial or regulatory process.
- PIAC maintains a secure office and computer environment to ensure that client's information is not placed at unreasonable risk.
- The categories of non-public personal information that the Advisors collect from clients depend upon the scope of the client's engagement. It will include information about their personal finances, information about their health to the extent that it is needed for the planning process, information about transactions between the client and third parties, and information from consumer reporting agencies.
- For unaffiliated third parties that require access to the client's personal information, including financial services companies, service providers, and auditors, PIAC also requires strict confidentiality in their agreements with them and expects them to keep this information private. Federal and state regulators may also review the Firm's records as permitted by law.
- The disclosure information contained in any document completed by the client for processing and/or transmittal by PIAC in order to facilitate the commencement, continuation or termination of a business relationship between the client and a non-

affiliated third party service provider (i.e., broker/dealer, investment advisor, account custodian, insurance company, etc.), including information contained in any document completed and/or executed by the client for PIAC (i.e., advisory agreement, client information form, etc.), shall be deemed as having been automatically authorized by the client with respect to the corresponding non-affiliated third party service provider.

- PIAC does not provide personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about a client will be maintained during the time that they are a client and for the required time thereafter that such records are required to be maintained by federal and state securities laws and regulations, and consistent with the CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.

PIAC's Privacy Notice is initially given to all clients upon signing a Financial Planning and Consulting Agreement or an Investment Management Agreement and sent to all clients annually thereafter.

Personal Trading Practices

PIAC's Advisor(s) may have an interest in securities or may buy, sell, or hold a position in securities which may also be recommended to their clients. As a fiduciary, PIAC's Advisors owe their clients the loyalty to refrain from effecting personal securities transactions that might conflict with the client's best interests. Conflicts arise when Advisors, employees, or other access persons take advantage of investment opportunities that should have been exercised for clients or when they use their knowledge of pending client transactions to place their trades before their client's transactions.

PIAC has established the following guidelines to mitigate potential conflicts of interest when placing personal security transactions. PIAC's Advisor(s) may only effect individual stock transactions on days when there are no client transactions for the same security, unless their transactions are part of a block trade for the given security (Please refer to the Investment Management Services section of this brochure for PIAC's Procedures regarding block trades). There are no restrictions on Advisors for placing trades in open-end mutual funds on the same day as clients.

BROKERAGE PRACTICES

Recommending Broker/Dealers to Clients

Currently, PIAC and its Advisors recommend Cadaret, Grant and Pershing to their clients. PIAC's Advisors are also Registered Representatives of Cadaret, Grant. Pershing and other custodians maintain custody of client's assets and effects trades for PIAC's advisory client's accounts. Pershing, LLC also acts as Cadaret, Grant's clearing broker. PIAC is independently owned and operated, and is not affiliated with or a related person of Cadaret, Grant, or Pershing.

PIAC considers of a number of factors prior to selecting or recommending broker/dealers, including but not limited to, their familiarity with the securities to be sold or purchased, their

execution skills, order-flow capabilities, their commission rates or other fee schedules, their custodial services, their level of net capital (financial strength) and excess SIPC and other insurance coverages. PIAC's Advisor routinely compares order execution disclosure information of Cadaret, Grant and Pershing to other broker dealers to ensure that Cadaret, Grant and Pershing remain competitive in providing best execution for their clients.

While these broker-dealers may charge commissions higher than those obtainable from other broker/dealers, PIAC will only cause its clients to pay brokerage commissions which it has determined, in good faith, to be reasonable in relation to the value of the brokerage and other services provided by such securities broker-dealers. PIAC will base its decision upon the particular transactions involved and its overall responsibilities with respect to all clients' investment management accounts.

Security Transactions

PIAC's Advisors generally place trades for individual client accounts. However at the Advisor's discretion, a client's security transaction order may be combined or "batched" together with other clients and/or the Advisor's orders and executed as a "block" transaction. By executing block transactions, the Advisors attempt to achieve best execution and to equitably allocate among their clients the difference in price that might have been obtained had such orders been placed independently. PIAC has established the following procedures regarding block trading:

- (a) The Advisor must provide the trader with a pre-determined allocation prior to placing block trades.
- (b) The pre-determined allocation must include the account number and number of shares in the allotment.
- (c) Shares to be traded within the accounts of the Advisor(s) may be included in the pre-determined allocation of shares.
- (d) Once the allotment is received, the trader will place the trade per the broker/dealer guidelines.

Sometimes block trades are executed with only a partial fill of the order. This can usually be attributed to limit orders or thinly-traded securities. If this occurs, PIAC has adopted the following guidelines for allocation:

- (a) The shares will be allocated to accounts on a top down basis until all shares have been exhausted. The Advisor may send a fax or an Excel spreadsheet containing the allocation of shares to the trader, who will then allocate the first account and shares, then the second account and shares, etc.
- (b) In the event of varying prices of execution, an average price will be determined and given to client accounts to ensure price uniformity for all clients who receive an allocation.
- (c) The Advisor's personal or family account(s) will not receive allocations before a client's account. If the pre-determined printed allocation has an Advisor's personal or family account(s) listed before a client's account, the Advisor's personal or family account(s) will be moved to the end of the list.
- (d) PIAC will keep a record of block trades and their allocations.

In the event that a trading error occurs PIAC has established the following procedures for correcting the error:

- (a) Upon discovery of the trade error, the Advisor will immediately notify the broker/dealer or custodian's trading department concerning the error. The broker/dealer or custodian will flatten the incorrect transaction with a covering transaction regardless of whose fault it is. This immediate action will limit the potential effects that the capital markets may have upon further price deterioration or appreciation. Specifically, any thought of delaying immediate remedial action in the hopes of an advantageous market swing is avoided through this action.
- (b) The Advisor will give the trader the correct transaction that should have been executed.
- (c) The broker/dealer or custodian will confirm the correct price that the client should have received, had the order been processed correctly.
- (d) The Advisor must file a trade error report with PIAC's Chief Compliance Officer (CCO).
- (e) The trade error report will contain the following information:
 - (1) Account registration and number;
 - (2) The trade and settlement dates;
 - (3) The number of shares or dollar value of the trade;
 - (4) An explanation of the error; and
 - (5) The resolution of the error.
- (f) The CCO or a designated alternate will review all trade error reports to ensure that the client is not injured in any way.
- (g) Any restitution to the client's account must be made through the broker/dealer.
- (h) PIAC will maintain copies of all trade error reports.

Research and Other Soft Dollar Benefits

PIAC receives other products and services from Cadaret, Grant and Pershing that benefits PIAC but not client accounts. Some of these other products and services assist PIAC in managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitate payment of PIAC's fees from its client's accounts, and assist with back office functions, record keeping and client reporting. These services may be used to service all or a substantial number of client accounts.

PIAC may also receive services from Cadaret, Grant or Pershing that are intended to help PIAC manage and further develop its business. These services may include information technology, regulatory compliance and marketing. In addition, Cadaret, Grant or Pershing may make available, arrange and/or pay for these types of services rendered to PIAC by independent third parties. Cadaret, Grant or Pershing may discount or waive fees it would otherwise charge for some of these services. Cadaret, Grant and/or Pershing also have arrangements with various product vendors, which enable Registered Representatives or Advisors of Cadaret, Grant and Pershing to purchase their products at a discount. These products may include such items as:

- Financial planning software;
- Client reporting and consolidated statement software;

- Client communication software;
- Client relationship management software;
- Coaching; and
- Investment research

PIAC currently purchases two products through Cadaret, Grant's discount pricing program – AdvantageOne a client reporting and consolidated statement software and Argus investment research.

The commissions charged by Cadaret, Grant and/or Pershing are competitive with similarly situated full-service retail broker-dealers offering the same variety of securities to clients. Clients are advised, however, that they may be able to effect transactions in securities through other securities broker-dealers at lower commission rates, particularly with respect to securities listed on a national securities exchange or in the over-the-counter market.

Clients should be aware that research reports obtained through Cadaret, Grant and, in fact, all other sources, is used to service all of PIAC's clients, regardless of whether they pay advisory service fees or by paying commissions on transactions in securities effected by an Advisor in his capacity as a registered representative of Cadaret, Grant & Co., Inc.

As previously noted, the Advisors receive commissions from Cadaret, Grant & Co., Inc. in connection with their purchase and sale of securities. In addition, the Advisors are licensed as insurance agents and receive commissions based on sales of insurance products to their clients. When PIAC or its Advisors use client brokerage commissions to obtain research or services, PIAC is receiving a benefit because it does not have to produce or pay for the research.

As a fiduciary, PIAC endeavors to act in the best interest of its clients, and PIAC or its Advisors may make recommendations that clients maintain their assets in accounts at Cadaret, Grant or Pershing. These recommendations may be based in part on the benefits to PIAC, such as the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Cadaret, Grant or Pershing, which may create a conflict of interest.

Clients and prospective clients should also refer to the "Potential Conflicts of Interest Resulting from Commissions" section of this document for further disclosure regarding conflicts of interest.

Brokerage for Client Referrals

It is the practice of some broker/dealers to give client referrals to investment advisors as an incentive for directing business through them. PIAC's broker/dealer and custodian do not participate in this business philosophy. Nor does PIAC seek broker/dealers with this business philosophy to recommend to their clients as this would create a conflict of interest.

Directed Brokerage

PIAC may utilize other broker/dealers and custodians when requested by the client or when the Client's retirement plan is maintained and the custodian is selected by the Plan's sponsor.

PIAC's clients must be aware that if they direct PIAC or its Advisors to use a particular broker/dealer that it may limit PIAC or its Advisors the ability to achieve best execution, negotiate commissions with other brokers on behalf of the client, or limit the client's participation in block trading. As a result, clients may pay higher commissions, have higher transaction cost, or receive less favorable prices.

Best Execution

As stated earlier, the Advisors routinely compare order execution disclosure information of Cadaret, Grant and Pershing to other broker dealers to ensure that Cadaret, Grant and Pershing remain competitive with other broker/dealers in providing best execution for their client's security transactions. The commissions and/or transaction fees charged by Cadaret, Grant and Pershing may be higher or lower than those charged by other broker-dealers. The commissions paid by PIAC's clients shall comply with PIAC's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where PIAC determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while PIAC and/or its Advisors will seek competitive rates; they may not necessarily obtain the lowest possible commission rates for their client's transactions.

REVIEW OF ACCOUNTS

Client accounts are periodically reviewed by PIAC's Advisors. Account reviews are conducted quarterly for all clients with assets under management in excess of \$500,000; tri-annually for clients with assets between \$250,000 and \$500,000; semi-annually for clients with assets between \$150 and \$250,000; and annually for all other clients.

All client accounts are reviewed by PIAC's Principals William P. Powers (President) and Andrew J. Powers (Chief Compliance Officer). PIAC's Principals reviews economic and market conditions, performs due diligence, and reviews extreme gains/losses in the portfolios, all of which may trigger account reviews. A change in the client's personal and financial situation will also trigger an account review. Neither principal have a set number of accounts that they will review.

All clients are encouraged to discuss their needs, goals and investment objectives with PIAC's Advisors and to keep PIAC informed of any changes that might affect their financial situation, as these changes may also affect the suitability of their investments.

At a minimum, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker/dealer, and/or the custodian for their accounts quarterly, but may receive more frequent notices depending on the trading activity in the account. Clients also receive a written consolidated account statement prepared by Powers Investment Advisory Corporation at the end of each calendar quarter. Clients are urged to

compare the custodial account statements they receive to the written consolidated account statement from PIAC. Any client that does not receive an account statement from the custodian should call PIAC immediately so that they Advisors can correct the problem.

CLIENT REFERRALS AND OTHER COMPENSATION

PIAC does not market its business by advertising; instead it relies on client referrals to introduce new clients to their business. It is PIAC's policy not to compensate clients for referring potential clients to their business, because the client would be considered a solicitor and would have to satisfy requirements under Rule 206(4)-3 of the Advisers Act before a cash referral fee could be paid to them.

CUSTODY

Due to increased regulatory concerns over advisors with custody, it is PIAC's intention to have custody over client assets only to the extent that it requests the client's custodian to deduct advisory fees directly from the client's account(s). PIAC's Advisors are not permitted to exercise custody in any form over client assets or accounts. PIAC has established the following procedures that are designed to help ensure that PIAC and its Advisor do not inadvertently obtain custody of client assets:

Account Custodian

PIAC will not act as custodian for any client accounts. All clients are required to open an account with PIAC's broker/dealer, Registered Investment Company or other qualified custodian where the client's assets will be held. PIAC's personnel will assist the client in preparing paperwork to open a new custodial account, but only the client is permitted to authorize, by their signature, the opening of the account.

Once the account is established, it is the custodian's responsibility to send client account statements, transaction confirmations, proxy material, and any other information related to their account. PIAC will not route original custodial statements to its clients on behalf of a custodian. PIAC and its Advisors are responsible, within reason, to ensure that clients receive custodial statements directly from the custodian. To meet this responsibility, the Advisors will receive duplicate copies of its clients' statements. Clients will also receive a quarterly written consolidated account summary from PIAC, which they are urged to compare with the custodian's account statement that they receive. Any client that does not receive an account statement from the custodian should call PIAC immediately so that the Advisors can correct the problem.

Handling Client Assets

Due to custody regulations, PIAC's Advisors can only handle or forward checks clearly made payable to a third party, such as the client's independent custodian. The Advisor may not handle or forward any other client check or security certificate received by the Firm. All such

instruments must be returned to the client within three (3) business days and may not be forwarded to any other party other than the client or the client's representative.

Clients must be aware that if they personally deliver securities certificates to PIAC's office, the Advisors are not allowed to physically handle the securities certificates. The Advisors may provide direction to a client in completing the transfer and shipping paperwork to help ensure that the securities certificates are properly deposited with the client's custodian. However, it is the client's responsibility to deposit overnight pouches with the respective carriers for forwarding of securities certificates to their designated custodian. Securities certificates inadvertently received in the mail will be returned to the client within three (3) business days.

Other Custody Related Issues

PIAC has invoked the following restrictions on its access persons to ensure that custody is not inadvertently obtained:

- Advisors may not serve as trustee over a client's account, unless the client is an immediate family member of the Advisor.
- Advisors will not accept signatory power over any client's checking or custodial account(s).
- Advisors will not hold client securities in PIAC's name or in bearer form.
- Proceeds from sales or redemptions of client securities will not be directed to the custody of PIAC except to pay for advisory fees (as noted above).
- Advisors will not require clients to prepay more than \$500 in fees six months or more in advance.

INVESTMENT DISCRETION

PIAC's Advisors are granted limited discretionary authority in writing by the client when the client signs PIAC's Investment Advisory Agreement. This limited discretionary authorization gives PIAC's Advisors the authority to buy, sell, hold, exchange, invest, and otherwise deal with the client's investment assets at their sole discretion and without consulting with the client in advance. This authorization is perpetual and will remain in full force and effect until the Advisor receives a written termination notice from the client.

PIAC does not have discretionary authority to select the broker/dealer used to effect the client securities transactions or the amount of commissions that are charged by the broker/dealer or custodian.

VOTING CLIENT SECURITIES

PIAC and its Advisors are expressly precluded from taking any action on behalf of the client, will not take any action on behalf of the client, and are not obligated to render any advice to the client, with respect to:

- The voting of proxies solicited by, or with respect to, the issuers of any securities held in the portfolio or,
- The legal proceedings involving securities or other investments presently or formerly held in the portfolio, or the issuers thereof, including bankruptcies.

The Custodian will send all such proxy and legal proceedings information and documents it receives to the client so that the client may take whatever action the client deems appropriate.

FINANCIAL INFORMATION

As previously discussed in this brochure, PIAC provides financial planning and investment management services on a discretionary basis for which the clients are billed quarterly in advance. Clients are never required to prepay planning or management fees to PIAC or its Advisors more than three months in advance, and prior to 2009 clients were billed in arrears. However, due to regulations imposed by the Federal Trade Commission, which deemed PIAC to be a creditor, PIAC converted all clients to prepaying advisory fees in advance.

Neither PIAC nor its Advisors have ever petitioned or been subject to bankruptcy proceedings, and there are no financial conditions that would prevent PIAC or its Advisors from meeting any contractual commitment to its clients.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Neither PIAC nor its Advisors have ever been found liable in an arbitration claim alleging damages in excess of \$2500 dollars for any of the following:

- An investment or investment related business;
- Fraud, false statements, or omissions;
- Theft, embezzlement, or wrongful taking of property;
- Bribery, forgery, counterfeiting, or extortion; or
- Dishonest, unfair, or unethical practices.

Neither PIAC nor its Advisors have ever been found liable in a civil, self-regulatory organization or arbitration proceeding involving any of the following:

- An investment or investment related business;
- Fraud, false statements, or omissions;
- Theft, embezzlement, or wrongful taking of property;
- Bribery, forgery, counterfeiting, or extortion; or
- Dishonest, unfair, or unethical practices.

Neither PIAC nor its Advisors have ever has never filed or been subject to a bankruptcy petition, nor do they have any arrangements with any issuers of securities.