



CARLSON CAPITAL MANAGEMENT, INC.

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March 28, 2012

Part 2A of Form ADV: Brochure

Item 1 – Cover Page Part 2B of Form ADV: Brochure Supplement

This brochure provides information about the qualifications and business practices of Carlson Capital Management, Inc. If you have any questions about the contents of this Brochure, please contact us at 507-645-8887 and/or justin@carlsoncap.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 Carlson Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Carlson Capital Management, Inc. is 111414.

Any references to Carlson Capital Management, Inc. as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

Item 2 - MATERIAL CHANGES

At least annually, this section is updated to discuss only specific material changes that are made to the Brochure. Additionally, reference to the date of the last annual update to this Brochure will be provided.

Annually, we will deliver to you, by no later than April 30, (1) an updated Brochure that includes all material changes; or (2) a summary of any material changes and an offer to provide a copy of the updated Brochure. The most current Brochure is always available on our website at www.carlsoncap.com/adv or you may request a copy by contacting us at 507.645.8887.

SUMMARY OF MATERIAL CHANGES:

One material change occurred since the last annual update of this brochure in February 2011:

Carlson Capital Management (“CCM”) introduced Carlson Portfolios, an investment platform for clients who do not have the complexity in their situations that require the array of solutions provided by CCM’s Integrated Wealth Management (“IWM”) platform. Carlson Portfolios provides the investment discipline and structure of CCM’s IWM platform, and leverages the investment research capabilities, portfolio management team and technology previously offered exclusively to CCM’s IWM clients. Carlson Portfolios is a practical option for investment clients with \$250,000 or more to invest, and has a separate fee schedule from Carlson Capital Management’s IWM platform.

Item 3

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Item 4 - ADVISORY BUSINESS

Carlson Capital Management, Inc. (hereinafter referred to as “CCM”) is an investment advisory firm offering comprehensive wealth management services. CCM was founded in 1987. The principal owners of CCM include: Gregory A. Carlson, Jeffrey R. Carlson and Justin D. Stets.

CCM offers investment advisory services using an integrated wealth management approach. The following advisory services are offered by the firm:

- Investment management
- Financial planning services including:
 - Retirement planning
 - Estate and advanced estate planning
 - Tax planning
 - Insurance planning
 - Education planning and
 - Philanthropic planning

At CCM, our advisory services are customized based on the individual needs of our clients. We meet with prospective clients to carefully assess their needs, goals and objectives prior to making specific recommendations. We assist prospective clients in determining their short-term and long-range investment goals and objectives.

We ask prospective clients to complete a custom inventory form and questionnaire to assist us in obtaining information about their financial situation and history. We gather various financial information and history including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Financial needs
- Cash flow analysis
- Cost of living needs
- Education savings needs
- Savings tendencies
- Debt, assets and liabilities
- Wills and trusts
- Investment and bank accounts
- Other applicable financial information required in order to provide the investment advisory services requested.

As of December 31, 2011, we have approximately \$836 million of client assets under our discretionary management. CCM has no assets managed on a non-discretionary basis.

We have four Minnesota office locations: Bloomington, Hastings, Northfield and Rochester. The majority of our clients reside in the greater Twin Cities area, but we serve clients from all over the country.

Investment Management

Upon completing our analysis of your situation, we will determine an asset allocation customized to your financial goals, objectives and risk tolerance. CCM has designed ten model portfolios. After evaluating the information you have provided to us, we will determine which of our model portfolios would be most suitable for you. From there, we customize your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time, and your financial situation, goals and objectives.

Managed portfolios are constructed using open-ended mutual funds and exchange traded funds (ETFs). When appropriate, we will also utilize fixed income securities. Upon your specific request, CCM will accommodate your request for individual stock holdings. You also have the ability to impose restrictions and/or limitations on investing in certain securities or types of securities.

After we have done the work necessary to create a recommended portfolio, we will schedule a meeting with you and present the recommended allocations. Upon your approval, we will implement the portfolio allocation. We will provide continuous and on-going management of your account; we will manage the account and will make changes to the allocation as deemed appropriate by us; and we will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. CCM may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods. Discretionary authority will be granted by you to CCM by execution of an Asset Management Agreement and Investment Policy Statement that you agree to and sign when you engage our services.

You are advised that transactions in your account, account re-allocations, and the rebalancing of your account may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

Planning Services

Before a formal partnership begins, we will schedule a meeting with you to present the analysis of your situation and recommendations for steps to be taken to assist you in working toward your financial and life goals.

Plans are based on your financial situation at the time and are based on financial information disclosed by you to CCM. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. CCM cannot offer any guarantees or promises that your financial goals and objectives will be met. Upon engagement with CCM, it is important that you continue to review the plans presented to you and update your financial advisor on changes in your financial situation, goals, or objectives. Should your financial situation or investment goals or objectives change, it is important to notify CCM promptly. Failure to notify CCM of any such changes could result in investment recommendations or planning solutions not meeting your needs. You are advised that the advice offered by CCM does not include drafting legal documents and is not meant to be comprehensive. Therefore, you may need to seek the services of an attorney as needed.

You are not obligated to implement advice through CCM or its financial advisors. Should you implement your recommended CCM plan, planning fees may be assessed in addition to the advisory fees paid to CCM.

General Information

You are advised that investment recommendations and advice offered by Carlson Capital Management are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant.

Item 5 - FEES AND COMPENSATION

Investment Management Fees and Compensation

Our fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds in your account.

Integrated Wealth Management clients

Because our billing schedules have been modified in the past, existing clients may be billed according to a different schedule. Client fees for investment management are tiered as follows:

Account Size	Maximum Annual Fee
First \$2,000,000	1.00%
Next \$2,000,000	0.75%
Over \$4,000,000	0.50%

The formula CCM uses to calculate your quarterly fee is as follows: (Based on a \$10 million dollar portfolio)

First \$2,000,000 x 1.00%	\$20,000
Next \$2,000,000 x 0.75%	\$15,000
Remaining \$6,000,000 x 0.50%	\$30,000
\$10,000,000	\$65,000 \ 4 = \$16,250 quarterly fee

Carlson Portfolios clients

Client fees for Carlson Portfolios are tiered as follows:

Account Size	Maximum Annual Fee
First \$500k	1.25%
\$500k to \$2,000,000	1.00%
Over \$2,000,000	0.75%

CCM may change the above fee schedule upon 30-days prior written notice to you.

CCM aggregates all of your managed accounts together to determine your quarterly fee. For example, if you have four managed accounts with a value (as of the just completed calendar quarter) of: \$101,500, \$55,500, \$675,900, and \$74,300 with a total value of \$907,200, you will not pay a fee on the managed accounts greater than 1%.

You may make additions to the Account or withdrawals from the Account. Additional assets deposited into the Account after it is opened will be charged a pro-rata fee based upon the number of days remaining in the then current three month period. No fee adjustments will be made for Account appreciation or depreciation between billing cycles.

You will pay a fee on a calendar quarterly basis in advance of each calendar quarter. The fee will be calculated based on the value of the account on the last business day of the just completed calendar quarter. The initial quarterly fee will be a pro-rated portion of the fee based on the number of days remaining in the calendar quarter.

Advisory fees will be collected directly from your account as authorized by the Asset Management Agreement. You will be provided with an account statement reflecting the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, CCM has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to CCM, except for ERISA and IRA accounts.

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by CCM and are charged by the product, broker/dealer or account custodian. CCM does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with CCM and are compensation to the fund-manager. You should read the mutual fund prospectus prior to investing.

You may purchase the securities recommended by CCM directly or through other brokers or agents not affiliated with CCM.

Termination Provisions

You may terminate investment management services, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with CCM. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment management services with 30-days written notice to CCM. Should you terminate investment advisory services during a calendar quarter, you will be issued a pro-rated refund of prepaid advisory fee from the date of termination to the end of the calendar quarter.

Planning Services Fees and Compensation

You are advised that fees for planning services are strictly for your initial Plan Presentation presented by CCM.

Planning fees are negotiable and generally fall within the parameters outlined below. Your fees will be dependent on several factors including time spent with CCM, number of meetings, complexity of your situation, amount of research, services requested and usage of staff resources.

Fee Type	Maximum Fee	Payable
Financial Plan	\$1,500 to \$7,500	Payable one-half (1/2) upon execution of the advisory agreement with CCM and the balance due at the time of presentation of the plan.
Integrated Wealth Management	\$2,500 to \$15,000	Payable one-half (1/2) upon execution of the advisory agreement with CCM and the balance due at the time of presentation of the plan.
Tax Preparation	\$250 to \$1,500 per return	Payable upon acceptance of the return.

Termination Provisions

You may terminate planning services obtained from CCM, without penalty, upon written notice within five (5) business days after entering into the planning agreement with CCM.

Item 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

This section is not applicable to CCM since CCM does not charge performance-based fees.

Item 7 - TYPES OF CLIENTS

Integrated Wealth Management Clients

CCM's services are geared toward high-net worth families, individuals (i.e. clients with investable assets of \$1,500,000), trusts, estates or charitable organizations, pension and profit sharing plans, and corporations or other business entities.

CCM generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services. CCM will generally require you to deposit a minimum of \$500,000 (cash or securities). However, under certain circumstances, CCM may waive the minimum account size requirement and accept accounts less than \$500,000. Such circumstances may include but not be limited to additional assets will soon be deposited or you have other accounts under management with CCM. You are advised performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market that may affect smaller accounts more and the effects of compounding may be greater in larger accounts.

Carlson Portfolios Clients

Parallel to our traditional offering, we provide an alternative offering for prospective clients who do not have the complexity in their situations that require the array of solutions provided by CCM's Integrated Wealth Management ("IWM") platform. Carlson Portfolios provides the investment discipline and structure of CCM's IWM platform, and leverages the investment research capabilities, portfolio management team, and technology previously offered exclusively to CCM's IWM clients.

Carlson Portfolios is a solution for several types of clients, such as the following:

- Children of CCM clients either just beginning to invest or in an accumulation phase;
- Clients in the drawdown phase such as retirees needing income from their investments; or
- Young professionals just beginning the investment process.

Carlson Portfolios is a practical option for investment clients with \$250,000 or more to invest.

For some clients, starting on the Carlson Portfolios path is the beginning of engaging CCM and may progress to the IWM platform as the need arises for more advanced financial planning. For others, the solutions and advisory experience of Carlson Portfolios will meet their investment needs for years to come.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

In general terms, CCM takes a passive, long-term approach to investing while taking a proactive approach to investment management.

CCM applies the following principles to investing:

- Risk and return are related: Investors are rewarded in proportion to the risk they take. Framing decisions around compensated risk factors in the equity and bond markets connects investors to the forces that create opportunities to build wealth over time. Financial science offers insight into these risks. Evidence from practicing investors and academics alike points to an undeniable conclusion: Returns come from risk. Gain is rarely accomplished without accepting risks, but not all risks carry a reliable reward. Financial science over the last fifty years has brought us to a powerful understanding of the risks that are worth taking and the risks that are not.
- Broad global diversification reduces risk and may increase return: Diversification is the most essential tool available to investors. It enables them to capture broad market forces while reducing the excess, uncompensated risk arising in individual stocks.
- Structure determines performance: Structure, or asset allocation, determines most of the performance in a diversified portfolio. The three factors that have been shown to have the most explanatory power are exposure to market risk, exposure to company size and exposure to company valuation. Active management through security selection or market timing plays a very small role in the overall experience of a portfolio. In most cases, the increased costs and ineffective strategies employed by active managers lead investors to decreased returns over market benchmarks.
- Proactive management enhances portfolios: Taking a proactive approach to investment management allows investors to decrease risk, and may increase expected returns within a portfolio. By utilizing a strategy that locates assets in accounts by their tax efficiency, harvests tax losses when available, and opportunistically rebalances asset class components, investors can decrease future risk and may increase return over time.

You are advised that investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the investment portfolios offered by CCM will require you to be prepared to bear the risk of loss and fluctuating performance.

CCM does not represent, warrant or imply that the services or methods of analysis used by CCM can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by CCM will provide a better return than other investment strategies.

As stated above in Item 5, CCM primarily uses open ended mutual funds and ETFs. The risks with mutual funds include the costs and expenses within the fund that can impact performance. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's web site. At the client's request at any time CCM will direct the client to the appropriate web page to access the prospectus.

An exchange-traded fund (ETF) is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds, and trades close to its net asset value over the course of the trading day. Most ETFs track an index, such as the S&P 500. ETFs may be attractive as investments because of their low costs, tax efficiency, and stock-like features.

Item 9 - DISCIPLINARY INFORMATION

There is no reportable disciplinary information required for CCM or its management persons that is material to your evaluation of CCM, its business or its management persons.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Carlson Trust Company ("CTC") is a division of National Independent Trust Company ("NITC"). NITC provides support services to personal trust, employee benefit and institutional service lines. NITC and CTC are regulated by the Office of the Comptroller of the Currency.

CCM Tax & Trust Services provides tax compliance (preparation) services for a separate fee.

CCM is a member of Zero Alpha Group ("ZAG"), a global network of registered investment advisers which passionately implement the Modern Portfolio Theory of investment management, asset class investing, integrated wealth management, fee-only or fee-based investment advice, and follow the highest fiduciary standards as represented by CEFEX™. ZAG members share a common investment philosophy based on the principles of Modern Portfolio Theory, which emphasizes a passive investment strategy. ZAG members are geographically diverse, and their executives meet regularly to share investment information, strategic and marketing plans, and research related to Modern Portfolio Theory and passive investment management techniques. ZAG also may negotiate with mutual fund companies and broker-dealers in an effort to obtain lower cost investment services on behalf of members' respective clients.

Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

A. CCM has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. At CCM we take seriously our compliance and regulatory obligations and require all staff to comply with such rules and regulations as well as our own internal policies and procedures. Further, CCM strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information. Each year we provide you with our Privacy Policy. We also maintain a Code of Ethics for our financial advisors, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, our Code of Ethics establishes our expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

CCM was among the first investment advisors globally, to successfully complete the independent certification process of the Centre for Fiduciary Excellence (“CEFEX”). Through CEFEX's independent assessment, the certification provides assurance to investors, both institutional and individual, that CCM has demonstrated adherence to the industry's best fiduciary practices. Additionally, CCM Principal, Justin Stets, has been awarded the AIF designation from the Center for Fiduciary Studies, signifying specific training in fiduciary responsibility.

CCM may buy or sell securities identical to those securities recommended to you. Therefore, CCM and/or its staff may have an interest or position in certain securities that are also recommended and bought or sold to you. CCM and its staff will not put their interests before your interest. CCM and its staff may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.

It is the expressed policy of CCM that no one employed by CCM may purchase or sell a security on an auctionable market prior to transaction(s) being implemented for a client account.

CCM and/or its staff may have an interest or position in a certain security (ies) which may also be recommended to you. This may represent a conflict of interest. CCM has established the following restrictions in order to ensure its fiduciary responsibilities:

1. A director, officer or employee of CCM shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No associated person of CCM shall prefer his or her own interest to that of the advisory client.
2. CCM maintains a list of all securities holdings for itself, and anyone associated with CCM. The Chief Compliance Officer reviews these holdings on a quarterly basis.
3. CCM requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

You have the right to decline any investment recommendation. CCM and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

Item 12 - BROKERAGE PRACTICES

CCM has obtained approval to offer you the ability to maintain accounts through the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, member SIPC. CCM is independently owned and operated and not affiliated with Schwab or any other custodian that CCM recommends including The Vanguard Group, Teachers Insurance and Annuity Association/College Retirement Equities Fund ("TIAA-CREF"), US Allianz, Nationwide Financial, and Lincoln Benefit Life.

You are advised that not all investment advisers require you to maintain accounts at a specific broker/dealer. You are advised you may maintain accounts at another broker/dealer. However, the services provided by CCM may be limited due to service or trading platform restrictions.

How We Select Brokers/Custodians

CCM seeks to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. CCM considers a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see "Products and Services Available")

Services That May Not Directly Benefit You

Schwab and TIAA-CREF also make available to us other products and services that benefit us but may not directly benefit your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third-parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab or TIAA-CREF. In addition to research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)

- Facilitate trade execution
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Due to the individual management of client accounts, we do not aggregate the purchase or sale of securities for various client accounts.

Schwab

For CCM's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

Schwab Advisor ServicesTM (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

Services That Benefit You

Schwab's Institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Our Interest in Schwab's Services

The availability of services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us. We have \$837,000,000 in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

From time-to-time Advisor may make an error in submitting a trade order on your behalf. When this occurs, Advisor may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

Item 13 - REVIEW OF ACCOUNTS

Investment Management Program and Planning Services

The frequency of Regular Progress Meetings is determined jointly by our clients and their primary financial advisor. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. You are advised that you must notify your financial advisor promptly of any changes to your financial goals, objectives or financial situation as such changes may require him to review the portfolio allocation and your overall financial plan, and make recommendations for changes.

The following advisors, individually or as a team, participate in reviews:

- Gregory Carlson, Principal
- Jeffrey Carlson, Principal
- Justin Stets, Principal
- Judd Lohmann, Senior Investment Manager/Integrated Wealth Advisor
- Brent Hoppe, Integrated Wealth Advisor
- Andrew Hauskins, Integrated Wealth Advisor
- Anthony Bolstroff, Integrated Wealth Advisor
- Jason Kley, Integrated Wealth Advisor
- Callie Schons, Integrated Wealth Advisor

Schwab provides monthly statements that are sent to you directly. Other custodians provide at least quarterly statements. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. On a quarterly basis, CCM will provide you with a consolidated report of your managed account. You should compare the report with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

CCM formerly received client referrals from Schwab through CCM's participation in Schwab Advisor Network TM ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab does not supervise CCM and has no responsibility for the firm's management of clients' portfolios or CCM's other advice or services. CCM pays Schwab fees for the client referrals received through the Service. CCM's participation in the Service may raise potential conflicts of interest described below. CCM is no longer receiving any new referrals from the Schwab Advisor Network.

CCM pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by CCM is a percentage of the fees the client pays CCM or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. CCM pays Schwab the Participation Fee as long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to CCM quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by CCM and not by the client. CCM has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs CCM charges clients with similar portfolios who were not referred through the Service.

CCM generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-

Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees CCM generally would pay in a single year. Thus, CCM has an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of CCM clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, CCM will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit CCM's fees directly from the accounts.

Product vendors recommended by CCM may provide monetary and non-monetary assistance with client events, provide educational tools and resources. CCM does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. CCM's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you and CCM.

CCM has received client referrals from the following individuals and/or professional associations:

- Patricia Cegann Stanley, a registered representative.
- Lawrence Cumpston & Associates, PLLP, a CPA firm.
- DeNet Kenefick and Associates, PA, a CPA firm.

These referral sources receive a percentage of the asset management fee based upon their involvement in the relationship. The compensation paid to these referral sources is for the solicitation services and for client referrals only. The solicitation services include making any introductions and providing information and material about the advisory services and programs of CCM. None of the fees for these referrals are passed along to a client in any way.

Item 15 - CUSTODY

Under government regulations, CCM is deemed to have custody of your assets if you authorize CCM to instruct your account custodian to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. Your account custodian maintains actual custody of your assets. You will receive account statements directly from your account custodian at least quarterly. They will be sent to the email or postal mailing address you provided. You should carefully review those statements promptly when you receive them.

Item 16 - INVESTMENT DISCRETION

You may grant CCM authorization to manage your account on a discretionary basis. Discretionary authority will give CCM the authority to buy, sell, exchange, convert securities in your managed accounts. You will grant such authority to CCM by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice to CCM.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading

restrictions or limitations;

- 2) Your written consent is required to establish any brokerage account;
- 3) CCM would require the use of the broker/dealer with which your Advisory Representative is registered for sales in commissionable mutual funds or variable annuities, if you elect to implement those purchases through your Advisory Representative;
- 4) With the exception of deduction of CCM's advisory fees from the account, if you have authorized automatic deductions, CCM will not have the ability to withdraw your funds or securities from the account.

Item 17- VOTING CLIENT SECURITIES

CCM does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact CCM about questions you may have an opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

Item 18 - FINANCIAL INFORMATION

CCM is financially stable. There is no financial condition that is likely to impair our ability to meet our contractual commitment to you or any other client.

CCM has not been the subject of a bankruptcy petition.

Item 19 - REQUIREMENTS FOR STATE REGISTERED ADVISERS

This section is not applicable to CCM. CCM is not state registered. CCM is registered with the Securities and Exchange Commission.