

Item 1 – Cover Page

**SC&H Financial Advisors, Inc.**  
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**www.SCandH.com**

**February 23, 2012**

**This brochure provides information about the qualifications and business practices of SC&H Financial Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at (410) 403-1512 and/or RPatalon@scandh.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 SC&H Financial Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for SC&H Financial Advisors, Inc. is 120666.**

**Any references to SC&H Financial Advisors, 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

Revisions February 23, 2012

### Item 4.E – updated assets under management

Previous	\$84 million discretionary	\$62 million non-discretionary
Revised	\$85 million discretionary	\$19 million non-discretionary

Item 4 - Under Third Party Managed Programs added Innealta.

### Item 5 – Financial Planning Services Fee schedule, revised fees as follows.

	Previous	Revised
Directors & Principals	\$385	\$395
Managers	\$295-\$365	\$305 - \$340
Staff	\$125 - \$225	\$130 - \$245

Supplement – Added insurance agent disclosure to Jay Bittner's Supplement

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 29, 2011.

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#### **Item 4 - ADVISORY BUSINESS**

SC&H Financial Advisors, Inc. (hereinafter referred to as “SC&H”) is an investment advisory firm offering a variety of advisory services customized to your individual needs.

- A. SC&H was founded in 1998. SC&H is owned by SC&H Group, Inc. SC&H Group, Inc. is owned by various employees directly and through an employee stock ownership plan.
- B. SC&H offers the following advisory services. Each of the services is more fully described below.
  - Financial Planning Services
  - Asset Management
  - Analysis, Recommendation and Monitoring of Third Party Managed Programs
- C. SC&H tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on investing in certain securities or types of securities.

You will be asked to furnish certain records and documents about your financial situation for SC&H’s review. Such documents may include, but are not limited to:

- Tax returns
- W-2s, 1099s, etc.
- Information on current retirement plans
- Insurance benefits and policies
- Mortgage details
- Bank and financial statements
- Copies of wills and trusts
- Other applicable financial information required by SC&H in order to provide the investment advisory services requested.

SC&H will review the gathered documents with you and ask a series of questions to determine your expectations, investment objectives, investment time horizon and risk tolerance. A formal questionnaire may be used in conjunction with the interview process. The use of the questionnaire is at the discretion of the Advisory Representative.

If you are participating in Asset Management Services, your Advisory Representative will assist you to complete an investment policy statement (IPS). The IPS outlines your financial situation, investment objectives, time horizon, risk tolerance and investment preferences.

You should expect at least two meetings and it is typical to have three meetings before an analysis is presented along with recommendations customized to your situation.

- D. SC&H does not participate in any wrap fee programs.

- E. As of January 15 2012, SC&H has approximately \$85 million of client assets under discretionary management and approximately \$19 million of non-discretionary client assets under management.

### **Financial Planning Services**

SC&H will review your current financial situation and make recommendations based on your current situation, expectations, investment objectives, and investment time horizon. At the same time, your risk tolerance (or ability to live comfortably with risk in association with investments) will be taken into account. A written plan may then be presented to you, along with an outline of suggestions to improve your current financial situation, as well as suggested steps to help you work toward your investment goals.

Financial planning may cover any or all of the following areas:

- Tax compliance and consulting services
- Retirement Planning
- Education Funding
- Budget Analysis
- Net Worth Analysis
- "Windfall" Planning
- Asset Allocation
- Estate Planning (Including Tax and Liquidity Planning)
- Special Needs Planning
- Asset Management
- Tax Planning
- Life Insurance Needs Analysis
- Business Succession Planning
- Wealth Transfer Planning
- Other areas of importance

The financial plan may be "comprehensive" or "modular" in structure. A comprehensive plan would focus on all areas listed that are pertinent to you. A modular plan would focus on only one or two areas of particular interest such as retirement or education planning. Other areas of concern to you may be reviewed by the SC&H or outsourced to other experts for their review (only with your prior approval). The financial plan may include specific financial and investment strategies as well as specific product recommendations, including equity, fixed income and insurance products.

Plans are based on your financial situation at the time and are based on financial information disclosed by you to SC&H. 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. SC&H cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives, or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify SC&H promptly of the changes. You are advised that the advice

offered by SC&H may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through SC&H or its Advisory Representatives. Should you implement the plan with SC&H's Advisory Representatives, commissions or other compensation may be received in addition to the advisory fee paid to SC&H.

### **Asset Management Services**

SC&H provides portfolio construction, asset management and monitoring, which constitutes an ongoing process by which:

- a) Your objectives, constraints and preferences are identified and specified;
- b) Strategies are developed and implemented through optimal combinations of financial assets;
- c) Capital market conditions and your circumstances are monitored;
- d) Portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above relevant variables.

SC&H generally manages accounts by applying its model portfolios. SC&H has established various model portfolios in an attempt to address several risk profiles, such as conservative, moderate income, moderate growth, growth and aggressive equity. SC&H offers hedged models and unhedged models. Depending on your individual needs as well as limitations or restrictions, your portfolio may be customized. However, as previously stated, when possible SC&H attempts to apply one or multiple models. If there are changes to the model portfolios those changes are typically applied to those clients invested like the model. Typically, SC&H attempts to stay within 5% to 10% of the model allocations. Managed portfolios primarily consist of mutual funds and exchange-traded funds (ETFs). SC&H does not automatically or at a pre-established interval rebalance clients' accounts back to the original model allocation.

Unless otherwise expressly requested by you, SC&H will manage the account on a discretionary basis and make changes to the allocation as deemed appropriate. SC&H 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. SC&H 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 SC&H by execution of the Asset Management agreement.

If you elect to have your accounts managed on a nondiscretionary basis, no changes will be made to the allocation of your account without prior consultation with you and your expressed agreement.

SC&H may periodically rebalance the account back to the target percentages as outlined in your investment policy statement. The determination of whether or not the account will be rebalanced back to the original asset allocation of the model account is up to each Advisory Representative.

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

### **Third Party Managed Programs**

SC&H has entered into agreements with Rochdale Investment Management, Innealta and J.P. Morgan Chase to offer clients access to a third party manager's asset management services. From time to time, SC&H may elect to offer other third party managers if SC&H believes another third party manager's services would be suitable for a client. SC&H will assist client in evaluating their financial situation and determine the suitability of a third party manager's service. SC&H will be available to answer questions the client may have regarding their account and will act as the communication conduit between the client and the manager. On an ongoing basis SC&H will monitor and review the account and periodically meet with the client to discuss the suitability of the program.

You are advised that fees for third party managed programs may be higher or lower than if you directly obtained the services of the third party manager or if you obtained advisory services separately. You should read the third party manager's disclosure brochure for additional disclosure of its managed program.

SC&H will not directly conduct any securities transactions on your behalf or participate directly in the selection of the securities to be purchased or sold. Investment decisions are made by the third party manager in accordance with the agreement between you and the manager.

### **General Information**

You are advised the investment recommendations and advice offered by SC&H are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform SC&H promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify SC&H of any such changes could result in investment recommendations not meeting your needs.

## **Item 5 - FEES AND COMPENSATION**

### **Financial Planning Services**

You are advised that fees for planning services are strictly for planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Fees are negotiable. Your fees will be dependent on several factors including the Advisory Representative you have selected, time spent with SC&H, number of meetings, complexity of your situation, amount of research, services requested and staff resources.

<b>Fee Type</b>	<b>Maximum Fee</b>	<b>Payable</b>
Comprehensive Plan	\$5,000	A maximum deposit of 50% of the anticipated fee may be charged and due at the time of the Agreement. Fees may be waived or lowered if you
Modular Plan	\$1500 per module	

SC&H Financial Advisors, Inc.

		implement all or part of the recommendations with SC&H or with your Advisory Representative
Hourly Fee	\$310 per hour*	Payable within 30 days of receipt of an invoice. A maximum deposit of 50% of the anticipated fee may be charged and due at the time of the Agreement. Fees may be waived or lowered if you implement all or part of the recommendations with SC&H or with your Advisory Representative.

\* Directors and Principals charge hourly rates of \$395; Managers charge hourly rates of \$305-\$340; and Staff rates are \$130-\$245/hour. Gregory S. Horning is a Director. Robin K. Patalon is a principal, Jay A. Bittner is a manager, Andrew Thompson is a seniormanager, and Robert Schmitt is a manager.

### Asset Management Services

- A. 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.

You may make additions to the Account or withdrawals from the Account, provided the Account continues to meet minimum account size requirements. No fee adjustments will be made for additional deposits to the account or partial withdrawals from the account during a calendar quarter. Further, no fee adjustments will be made for Account appreciation or depreciation.

Account Size	Maximum Annual Fee
\$50,000 to \$100,000	1.65%
\$100,001 to \$150,000	1.60%
\$150,001 to \$250,000	1.45%
\$250,001 to \$500,000	1.30%
\$500,001 to \$750,000	1.20%
\$750,001 to \$1,000,000	1.00%

SC&H aggregates or households 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: \$101,569.40, \$55,498.46, \$675,879.50, and \$74,301.12 with a total value of \$907,248.48, you will not pay a fee on the managed accounts of greater than 1%.

- B. Advisory fees will generally be collected directly from your account, provided you have given SC&H written authorization. You will be provided with an account statement reflecting the deduction of the advisory fee direct from the account custodian. If the Account does not contain sufficient funds to pay advisory fees, SC&H 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 SC&H, except for ERISA and IRA accounts.
- C. You are advised of the following:
- The Advisory fee does not include costs of custodial services.
  - In addition to the advisory fees above, you will pay fees for custodial services, account



- maintenance fees, transaction fees, and other fees associated with maintaining the Account. SC&H does not share in any portion of such fees.
- c) You will pay a 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 fees are not shared with SC&H and are compensation to the fund-manager. Clients should read the mutual fund prospectus.
  - d) SC&H reserves the right to amend its fee schedule from time to time. Clients will be given not less than at least 30-days notice of any changes to SC&H's fee schedule. Unless SC&H is contacted by the client prior to the implementation of the revised fee schedule, SC&H will deem lack of notice from the client as client's acknowledgement to the revised fee schedule.
- D. Advisory fees will be charged in advance of each calendar quarter. The quarterly advisory fee will be based on the value of the Account on the last business day of the just completed calendar quarter. Fees for partial periods will be prorated. The initial quarterly fee will be a pro-rated portion of the fee based on the number of days remaining in the calendar quarter. The initial fee will be calculated based on the value of the portfolio upon establishment of the account.
- E. You are advised Advisory Representatives of SC&H are dually registered representatives of Triad Advisors, Inc. ("Triad"), a registered broker/dealer, member of the Financial Regulatory Association (FINRA) and SIPC. Advisory Representatives of SC&H who are Registered Representatives may receive trail commissions (i.e. 12b-1 fees) for a period of time as a result of directing securities transactions through Triad Advisors, Inc.. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. 12b-1 fees may be initially paid to Triad Advisors, Inc. and a portion passed to the Advisory Representatives. The receipt of such fees could represent an incentive for the Advisory Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest.

As stated above, SC&H recommends mutual funds that pay 12b-1 fees and no-load funds.

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

### **Third Party Managed Programs**

You will be charged an advisory fee that will be in accordance with the third party manager's fee schedule. Additionally, you will be charged an advisory fee for the advisory services provided by SC&H not to not exceed 0.85%. SC&H's fee will be calculated based on the value of assets under management with the third party manager. Under no circumstances shall your total fee exceed 2% (i.e. SC&H's fee and the third party manager's fee together will be 2% or less). SC&H's fee may be negotiable. The account will be valued and fees will be charged by the third party manager. Additional information about the third party manager's fee and calculation of the fee is disclosed in their disclosure brochure which will be provided to you by SC&H.

The advisory fees charged by third party managers with whom SC&H has a relationship may be higher or lower than the advisory fees charged by other managers offering a similar management program. Disclosure of the advisory fees and any conflicts of interest with respect to the third party manager should be disclosed in the third party manager's disclosure brochure.

### **Termination Provisions**

You may terminate advisory services at any time upon receipt of written notice by SC&H. In the event you terminate services prior to any services being performed, any advance payment shall be fully refunded. If termination occurs after services have begun, you will be charged for services rendered. Refunds of the remaining balance of prepaid fees will be issued within 30 days of your written request. A prorated refund of fees prepaid for asset management services will be refunded based on the number of days remaining in the calendar quarter from the date of termination, except if terminated in the last 15 days of a calendar quarter. Additionally, in cases where services are terminated within the first 15 days of a calendar quarter, SC&H may choose to waive its invoice at its sole discretion.

Should you terminate services within five business days after signing the agreement with SC&H, no charges or penalties will be assessed. You will be responsible for any fees or charges incurred from third parties as a result of maintaining the account or for any securities transactions executed.

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

This section is not applicable to SC&H since SC&H does not charge performance based-fees.

### **Item 7 - TYPES OF CLIENTS**

SC&H's services are geared toward individuals both high net worth (i.e. clients with a net worth of \$1,500,000) and other than high net worth, trusts, estates, pension and profit sharing plans, and charitable organizations.

SC&H generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services. SC&H will generally require you to deposit a minimum of \$50,000 (cash or securities). However, under certain circumstances, SC&H may waive the minimum account size requirement and accept accounts less than \$50,000. Such circumstances may include but not be limited to: additional assets will soon be deposited or you have other accounts under management with SC&H; you have family members participating in the management service; or the portfolio is for an employee or employee's immediate family. Clients are advised portfolios less than \$50,000 are not considered the most suitable for a management platform such as that offered by SC&H. Furthermore, advisory fees may be deemed excessive and asset management services more expensive compared to other options. Clients are advised that performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised.

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

- A. SC&H conducts fundamental analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure.

SC&H may use information gathered from other investment managers or financial services firms. SC&H and its related persons may also use Morningstar Advisor Workstation, Valueline, trade magazines and other resources for additional information during their research.

- B. You are advised that investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by SC&H will require you to be prepared to bear the risk of loss and fluctuating performance.

SC&H does not represent, warrant or imply that the services or methods of analysis used by SC&H 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 SC&H will provide a better return than other investment strategies.

- C. As stated above in Item 5, SC&H primarily uses mutual funds and exchange-traded funds (ETFs). The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and the fund straying from its objective. 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 SC&H will direct the client to the appropriate Web page to access the prospectus.

ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index. The risks with stocks and bonds are that their prices fluctuate throughout the day. Stocks can drop in value and become worthless. The risks with bonds are interest rate, inflation and credit risk. Credit risk is the risk that the bond issuer will be unable to make its payments on time or at all, effectively defaulting on the bonds.

## **Item 9 - DISCIPLINARY INFORMATION**

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

## Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

- A. As previously stated above, Advisory Representatives are dually registered as advisory representatives of SC&H and as registered representatives of Triad Advisors, Inc. (“Triad”). You are under no obligation to purchase or sell securities through your Advisory Representative. However, if you choose to implement the plan, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at Triad than at other broker/dealers. Advisory Representatives may have a conflict of interest in having you purchase securities and/or insurance related products through Triad in that the higher their production with Triad the greater potential for obtaining a higher pay-out on commissions earned.

Under the rules and regulations of the FINRA, Triad has an obligation to perform certain supervisory functions regarding certain activities engaged in by advisory representatives who are also registered representatives of Triad. For such supervisory functions, SC&H may pay Triad a portion of the advisory fees they receive. Triad and SC&H are not affiliated.

SC&H has a related entity that is a registered broker/dealer, Stout Causey Capital Corporation (“Stout Causey”). Stout Causey has been registered as a broker/dealer for the sole purpose of completing mergers and acquisition business. No securities products are purchased and sold through Stout Causey. With respect to the advisory services offered by SC&H there are no conflicts of interest between SC&H and Stout Causey.

- B, C. SC&H is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, SC&H is not and does not have a related person who is: investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

Stout, Causey & Horning, P.A., an accounting firm, is a sister company to SC&H. The following Advisory Representatives are Certified Public Accountants (CPAs)<sup>1</sup> and offer accounting services. You are not obligated to participate in the accounting services.

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<sup>1</sup> **Certified Public Accountant (CPA)** <sup>1</sup> CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college [education](#) (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum [experience](#) levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members<sup>1</sup> are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA’s *Code of Professional Conduct* within their state accountancy laws or have created their own.

Gregory S. Horning  
Robin K. Patalon

SC&H attempts to mitigate the conflicts of interest with the potential receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as registered representatives with Triad, Advisory Representatives are subject to a supervisory structure at Triad for securities business.

SC&H and its management persons are not actively engaged in any other business. Further, SC&H does not have a related person who is a: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

- D. As stated under Item 4, *Advisory Business* above, SC&H recommends other investment advisers (i.e. third party managers) and will receive a portion of the fee charged to you by the investment adviser. Since SC&H has an interest in the compensation this is considered a material conflict of interest. SC&H selects third party managers based on several criteria including cost, type of management, past history, ability to meet a need and provide a unique service. Since the fee charged to you is based on the value of your portfolio, all parties have an incentive to work toward performance goals and objectives. Consequently, if the third party manager does not adequately manage your account and the value of your portfolio goes down, so does the third party manager's and SC&H's compensation.

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

### **Code Of Ethics**

- A. SC&H has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. SC&H takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as SC&H's policies and procedures. Further, SC&H 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 and provides you with SC&H's Privacy Policy. As such, SC&H maintains a code of ethics for its Advisory Representatives, 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, SC&H's Code of Ethics establishes SC&H's expectation for business conduct. A copy of SC&H's Code of Ethics will be provided to you upon request.

**Prohibition on Use of Insider Information**

SC&H has adopted policies and procedures to prevent the misuse of “insider” information (i.e. material non-public information). A copy of such policies and procedures is available to any person upon request.

- B. Neither SC&H nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.
- C. SC&H and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, SC&H and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. SC&H and its associated persons will not put their interests before your interest. SC&H and its associated persons 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.
- D. SC&H is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. SC&H 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**

- A. As previously stated, Advisory Representatives are registered representatives of Triad. As a result they are subject to FINRA Conduct Rule 3040 which may restrict such them from conducting securities transactions away from Triad unless Triad provides them with written authorization. Advisory Representatives have obtained approval to offer you the ability to maintain accounts through National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity"), a registered broker/dealer, member SIPC. SC&H is independently owned and operated and not affiliated with Triad or Fidelity.

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 SC&H will be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from SC&H.

In initially selecting Fidelity and Triad, SC&H conducted due diligence. SC&H's evaluation and criteria includes:

- Ability to service you
- Staying power as a company

- Industry reputation
- Ability to report to you and to SC&H
- Availability of a efficient trading platform
- Products and services available
- Technology resources
- Educational resources
- Execution capability
- Financial responsibility and viability
- Confidentiality and security of your information
- Responsiveness
- Other factors that may bear on the overall evaluation of best price and execution

Additionally, periodically SC&H will review transaction costs in light of current market circumstances, available published statistical analysis as well as other relevant information.

Best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

You are advised there is an incentive for SC&H and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

#### Fidelity

SC&H has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides SC&H with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist SC&H in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help SC&H manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom SC&H may contract directly.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are

charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Fidelity is providing SC&H with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

#### Triad

Triad has a wide range of approved securities products for which Triad performs due diligence prior to selection. Triad's registered representatives are required to adhere to these products when implementing securities transactions through Triad. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. Triad also provides Advisory Representatives, and therefore the SC&H, with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and SC&H manage and further develop its business enterprise.

Triad and its clearing broker/dealer also make available to SC&H other products and services that benefit SC&H but may not directly benefit you. Some of these other products and services assist SC&H with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of SC&H's fees from your accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of SC&H's accounts, including accounts not held through Triad.

- B. Due to the individual management of client accounts, SC&H does not aggregate the purchase or sale of securities for various client accounts.

SC&H may aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. SC&H conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.



### **Item 13 - REVIEW OF ACCOUNTS**

- A. If you are participating in the Asset Management you will be invited to participate in at least an annual review. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Levels of reviews will vary depending on client needs at the time of review as well as changes in the financial status or position (tax status or otherwise), financial goals, current market conditions, performance standards, suitability changes, and age, among other things. Your Advisory Representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

If you are participating in Financial Planning Services you will not receive regular reviews. SC&H recommends you have at least an annual review and update to any plans. However, the time and frequency of the reviews is solely your decision. Other than the initial plan or analysis, there will be no other reports issued.

The following individuals conduct reviews: Gregory S. Horning, President and Chief Compliance Officer; Jay A. Bittner, Manager; Robin K. Patalon, Advisory Representative; Robert J. Schmitt, Manager; and/or Andrew Thompson, Senior Manager.

- B. You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the portfolio allocation and make recommendations for changes.
- C. Accounts under management will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. At least annually when you attend the annual review, SC&H 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**

- A. Product vendors recommended by SC&H may provide monetary and non-monetary assistance with client events, provide educational tools, and other resources. SC&H does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. SC&H'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 SC&H.
- B. SC&H does not directly or indirectly compensate any person who is not a supervised person of SC&H for referrals. Further, SC&H does not receive an economic benefit from a non-client for providing investment advice or advisory services to you.

## **Item 15 - CUSTODY**

With the exception of deduction of SC&H's advisory fees from your accounts, SC&H does not take custody of your funds or securities.

Under government regulations, SC&H is are deemed to have custody of your assets if, for example, you authorize us 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 SC&H authorization to manage your account on a discretionary basis. Discretionary authority will give SC&H the authority to buy, sell, exchange and convert securities in your managed accounts. You will grant such authority to SC&H by execution of the advisory agreement. You may terminate discretionary authorization at any time by providing written notice to SC&H.

Additionally, you are advised that:

- 1) You may set parameters with respect to when accounts should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) SC&H requires 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 recommendations through your Advisory Representative;
- 4) With the exception of deduction of SC&H's advisory fees from the account, if you have authorized automatic deductions, SC&H will not have the ability to withdraw your funds or securities from the account.

## **Item 17 - VOTING CLIENT SECURITIES**

SC&H 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 SC&H 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**

- A. SC&H will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.

- B. As stated above, SC&H has discretionary authority over client accounts; however that authority does not extend to the withdrawal of any client assets, with the exception of deduction of SC&H's advisory fees from your accounts. SC&H is financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.
- C. Neither SC&H nor any of its Advisory Representatives has ever been the subject of a bankruptcy petition.

**Item 19 - REQUIREMENTS FOR STATE REGISTERED ADVISERS**

This section is not applicable to SC&H. SC&H is not state registered. SC&H is registered with the Securities and Exchange Commission.