

Item 1 Cover Page

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CFS Wealth Management

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This brochure provides information about the qualifications and business practices of CFS Wealth Management. If you have any questions about the contents of this brochure, please contact us at (888)471-1875 or at service@cfswealth.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.

Item 2 There are no material changes to report.

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Item 4 Advisory Business

- A. Wade Chapman is the principal owner of CFS Wealth Management which was established in May, 2005. The firm provides fee-based investment advisory services.
- B. We primarily utilize portfolios of open-end mutual funds, however closed-end funds, ETFs and individual equities and bonds may also be utilized. The fee charged is usually determined as a percentage of the account value or based on a fixed annual fee.
- C. As the portfolios are often tailored to the individual needs of clients, clients may impose restrictions on investing in certain types of securities.
- D. We do not participate in Wrap Programs.
- E. As of 12/31/2010, we have discretionary authority on all client accounts of \$71,992,396.

Item 5 Fees and Compensation

- A. Fee arrangements are fee-based, fixed or hourly.
 - 1. Most of our clients are billed based on a percentage of the value of their account(s).

Account size up to \$249,999	Max. Annual Fee	1.75%
Account size \$250,000 to \$999,999	Max. Annual Fee	1.50%
Account size \$1,000,000 and above	Max. Annual Fee	1.25%
 - 2. A fixed annual fee of \$250 to \$10,000 (negotiable).
 - 3. Hourly Fees of \$250.
- B. Clients' fees can be deducted from their accounts quarterly or we can provide them with an invoice for payment.
- C. Clients may incur custodian imposed fees in addition to that charged by CFS.
- D. CFS bills its' clients in advance for the quarter, based on the value of their account(s) based on the last business day of the preceding quarter. Clients who close their account during the quarter will receive a pro-rated refund based on the number of days left in the quarter.
- E. We do not receive compensation for the sale of securities, including asset-based sales charges or service fees of mutual funds, from any investment products offered to our advisory clients. We primarily utilize Fidelity Institutional Wealth Services No Transaction Fee, No-load or Load-Waived mutual fund platform. Potential conflicts of interest: Wade Chapman and Steve Anderson are registered reps with a broker/dealer and even though they do not receive both advisory fees *and* commissions from advisory clients, they may receive commissions on products sold as registered representatives separate from CFS. However, clients have the option to purchase any such securities at other brokers/agents with no affiliation to CFS or Mr. Chapman or Mr. Anderson. Commissions do not provide a significant portion of our advisory clients' revenue. We do not charge advisory fees in addition to commissions or mark-ups.

Item 6 Performance Based Fees and Side by Side Management

We do not provide services with performance-based fees.

Item 7 Types of Clients

We provide investment advisory services to individuals, couples, custodians, IRA owners, Trustees and business owners. Our desired minimum account size is \$50000 but exceptions are made if account aggregation considered and/or additional deposits are anticipated.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

We offer several model portfolios. 5 are based on traditional asset allocation strategy often referred to as Modern Portfolio Theory. 1 is based on utilizing parts of asset allocation and dynamic asset allocation. 1 is based on fixed income instruments only. We avoid frequent trading. We rebalance on a quarterly basis as necessary. We utilize open-end mutual funds. We utilize Morningstar for portfolio allocation model research.

Item 9 Disciplinary Information

There are no legal or disciplinary events.

Item 10 Other financial industry activities and affiliations.

Wade Chapman and Steve Anderson are registered representatives with Purshe Kaplan Sterling Investments (PKS). This creates a potential conflict of interest since Mr. Chapman or Mr. Anderson may receive compensation as a result of recommendations to purchase products and services through PKS. CFS does not charge advisory fees for client accounts held through this broker/dealer affiliation.

Item 11 Code of Ethics, Participation or Interest in client Transactions and Personal Trading.

- A. CFS adopted a Code of Ethics which illustrates our commitment to ethical business practices. This Code is available to all prospective and current clients upon requests. The Management, Advisory representatives and any supervised person shall not engage in unethical business practices, including: recommending to a client the purchase, sale or exchange of any security without reasonable grounds for believing that recommendation is suitable based upon the client's investment objectives, financial situation and need.
- B. We do not recommend securities in which we have a material financial interest.
- C. We often invest in the same securities as our clients and due to our mutual fund model platform often at similar times. However, since this is almost always open-end mutual funds, ETFs or stocks with large capitalizations, and our relative small size of trades in the scope of global investment volumes in the items we trade, this does not represent a realistic danger in terms of a timing conflict of interest or front-running. However, the Chief Compliance Officer reviews quarterly transaction and holdings reports to assure that 1.No client is harmed by any supervised persons' trades and 2. Assure no supervised person receives profits at clients' expense. For example, the NAV of an open-end mutual fund is not directly affected by the volume of business received. So, our personal trading in the same fund as our client does not affect our client outcomes.

Item 12 Brokerage Practices

- A. Fidelity Institutional Wealth Services provides our clients with access to thousands of No Transaction Fee, No-Load or Load-Waived mutual funds that we use to build our investment portfolios. Fidelity offers discount brokerage services for individual equity and fixed income trading. Fidelity is recognized by clients and industry professionals as a reputable and cost-effective broker. We do not believe there are any conflicts of interest created by our choices at Fidelity.
 - 1. Research and Soft Dollars: We do not receive any soft dollar benefits from Fidelity. We pay a third-party (Morningstar) for research.
 - 2. Brokerage for Client Referrals: We do not receive client referrals from Fidelity.
 - 3. Directed Brokerage:
 - a. It is not practical for a firm our size to run an Advisory practice with multiple custodians. We routinely utilize Fidelity for client accounts. Not all advisers require direct all clients to a specific brokerage. Directing all business through Fidelity may cost clients more money in certain transactions as they may not be the low cost provider for all transactions. However, many of our clients are invested in No Transaction Fee funds so this is a moot point.
 - b. We do not generally allow clients to direct brokerage.

Item 13 Review of Accounts

- A. Client accounts are reviewed at least annually by the Chief Compliance Officer. This review is done to ensure current portfolio is consistent with original client paperwork. IAs are asked to explain and address any inconsistencies.
- B. Quarterly rebalancing of model portfolios when necessary, helps provide ongoing reviews of client accounts as that process requires hands-on review of allocations.
- C. Clients receive monthly statements from our custodian and often receive performance reporting during client meetings.

Item 14 Client Referrals and other compensation

We do not have any financial arrangements for referrals.

Item 15 Custody

We do not have custody of client funds or securities.

Item 16 Investment Discretion

We manage our clients' accounts on a discretionary basis. Clients are allowed to place restrictions and limitations but seldom do. When limitations are imposed, it is generally to keep long-held positions from being sold for tax reasons.

Item 17 Voting Client Securities

We do not vote client securities.

Item 18 Financial Information

We do not require prepayment of more than \$1200 six months or more in advance.

We do not know of any financial condition that is reasonably likely to impair our ability to meet our contractual obligations to our clients.

We have never been the subject of a bankruptcy petition.

Item 19 Requirements for State Registered Advisers

The principal officer is Wade T. Chapman. Wade received a BBA in Finance from the University of Georgia in 1988. Wade is an Accredited Asset Management Specialist. Wade began his investment career in 1997 with LPL Financial. He was also a registered representative with Commonwealth Financial Network before eventually establishing his own advisory firm in 2005.

Insurance sales as a part of our service to clients process are minimal, constituting less than 1% of our revenue.

No performance based compensation.

No events to disclose from arbitration or civil proceedings.

We do not have relationships with securities issuers.