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## **FORM ADV PART 2A BROCHURE**

**This brochure provides information about the qualifications and business practices of Commonwealth Financial Services. If you have any questions about the contents of this brochure, please contact us at 304-422-3531. 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 Commonwealth Financial Services is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Commonwealth Financial Services is 154369.**

**Commonwealth Financial Services is a registered investment advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply certain level of skill or training.**

### ***Summary of Material Changes***

This brochure is a new document prepared according to the SEC's new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require. Beyond the change in format, and the new information, we have not made any material changes to this brochure since our last annual update filed on January 20, 2015.

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**Description of Services and Fees**

Commonwealth Financial Services is a registered investment advisor based in Parkersburg, West Virginia. We are organized as a limited liability company under the laws of the State of West Virginia. We have been providing investment advisory services since 2010. Todd E. Kimpel, Roger E. Woodruff, and Michael C. Seese are our principal owners. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **LPL Sponsored Advisory Programs**
- **CFS Advisory Programs**
- **Financial Consulting Services**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words “we”, “our” and “us” refer to Commonwealth Financial Services and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Advisor Representative throughout this brochure. As used in this brochure, our Associated Persons or Investment Adviser Representatives are our firm’s officers, employees, and all individuals providing investment advice on behalf of our firm.

All recommendations made by our firm are based on your financial situation at the time we present recommendations to you, and on the financial information you provide our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

**LPL Sponsored Advisory Programs**

We offer advisory services through certain programs sponsored by LPL Financial Corporation (“LPL”), an unaffiliated registered investment adviser and broker-dealer. After gathering information about your financial situation and objectives, we may recommend that you allocate your investments among one or more of the LPL programs described below.

Account management fees for LPL programs are based on a percentage of your assets under management and are negotiable, subject to the following maximum fee schedule by program:

| <b><u>Program</u></b>              | <b><u>Maximum Annual Fee</u></b> |
|------------------------------------|----------------------------------|
| Optimum Market Portfolios Program  | 2.5%                             |
| Personal Wealth Portfolios Program | 2.5%                             |
| Model Wealth Portfolios Program    | 2.5%                             |
| Manager Access Select Program      | 3.0%                             |

Account management fees for LPL programs are billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. LPL serves as program sponsor, investment adviser and broker-dealer for these programs. Our firm and LPL may share in the account fees and other fees associated with these programs.

For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the program please see the applicable LPL disclosure brochure, wrap program brochure, and the client agreement.

You will be required to sign an agreement directly with LPL. You may terminate your advisory relationship according to the terms of your agreement with LPL. You should review LPL’s disclosure brochure for specific information on how you may terminate your advisory relationship with LPL and how you may receive a refund, if applicable. You should contact LPL directly for questions regarding your advisory agreement with them.

Below is a brief description of each LPL program available through our firm.

- **Optimum Market Portfolios Program (OMP)** – OMP offers you the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, you will authorize LPL on a discretionary basis to purchase and sell Optimum Funds based on your chosen investment objectives. Our firm will assist you in determining the suitability of OMP for you and in setting an appropriate investment objective. Our firm will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with your investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for you. LPL will also have authority to rebalance the account. A minimum account value of \$15,000 is required for OMP.
- **Personal Wealth Portfolios Program (PWP)** – PWP offers you an asset management account using asset allocation model portfolios designed by LPL. Our firm will have discretion for selecting the asset allocation model portfolio based on your investment objective. We will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlap portfolio manager on all PWP accounts and will be authorized to purchase and sell mutual funds, equity and fixed income securities on a discretionary basis. A minimum account value of \$250,000 is required for PWP.
- **Model Wealth Portfolios Program (MWP)** – MWP offers clients a professionally managed mutual fund asset allocation program. Our firm will obtain the necessary financial data from you, assist you in determining the suitability of the MWP program, and assist you in setting an appropriate investment objective. Our firm will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with your stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected. You will authorize LPL to effect rebalancing for MWP accounts. In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, we will have discretion to choose among the available models designed by LPL and outside strategists. A minimum account value of \$100,000 is required for MWP.
- **Manager Access Select Program** – Manager Access Select provides you access to the investment advisory services of professional portfolio management firms for the individual management of your accounts. Our firm will assist you in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Adviser will provide initial and ongoing assistance regarding the Portfolio Manager selection process. A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

### ***CFS Advisory Programs***

We offer discretionary portfolio management services through our CFS Advisory Programs. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you (either in person or via telephone conference) to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to propose an investment approach for you. As part of our portfolio management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. Once you select an investment approach, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in the market conditions and in your financial circumstances.

The following services may also be included as part of the CFS Advisory Programs: advisory consulting services, institutional portfolio managers, strategic fixed income investing, customized asset selection, exchange traded funds, mutual funds, alternative investments, real estate funds and customized municipal bond portfolios.

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. Furthermore, unless you indicate to the contrary, we shall assume that there are no restrictions on our services, other than to manage your account in accordance with your designated investment objectives. Moreover, it remains your absolute responsibility to promptly notify us if there are ever any changes in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

We require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limited the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

**Our Wrap fee ranges for CFS Advisory Programs currently from 1.00% to 2.25%. The range is dependent on the allocation and the investment strategy used to manage the account. Reductions in the maximum fee occurs when the asset level exceeds \$500,000 with maximum fee of 2.00%; with an asset level of \$1,500,000, the maximum fee declines to 1.75%, and with account levels above \$3,000,000 the asset fee declines to 1.50%.**

At our discretion, we may make exceptions to the stated fee schedule for CFS Advisory Programs under certain circumstances. We will not increase your fee for the CFS Advisory Program without notifying you in writing.

Our annual fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

The CFS Advisory Program fees are based on a wrap fee program, which is a type of investment program that provides you with access to several money managers or mutual fund asset allocation models for a single fee that includes administrative fees, management fees, and commissions. You will pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. We receive a portion of the wrap fee for our services. However, the wrap fee does not include mutual fund, index fund and/or exchange traded fund expenses which will be charged to you separately by the funds. Our firm does not receive any of these fees. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program. If you participate in our wrap fee program, we will provide you with a separate Wrap Fee Program Brochure explaining the program and costs associate with the program.

Transactions for your account will be executed by LPL Financial Corporation ("LPL"), an unaffiliated registered investment adviser and broker-dealer. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by LPL or other broker-dealers, and the advisory fees charged by investment advisers.

We will send you an invoice for the payment of our advisory fee, or will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

You may terminate the portfolio management agreement within five days from the date of acceptance without penalty to you. After the five-day period, either you or our firm may terminate the portfolio management

agreement upon written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Our Advisory Fees are technically referred to as Wrap Fees which means the client does not pay for transaction charges incurred for each buy or sell as charged by the custodian. Also qualified account annual maintenance fees charged by the custodian are reimbursed in the form of a credit by Commonwealth Financial Services the same month the custodian applies the debit.

We use Exchange Traded Funds (ETF) and individual positions versus mutual funds as the primary investment vehicle in our wrap accounts. This strategy yields, in many cases, a lower overall cost to clients versus a wrap account that uses mutual funds that have, in general, higher expense ratios than ETFs. Most of our Equity models are managed using tactical allocation. The majority of the accounts will see this occur on a quarterly basis. However this approach requires a daily monitoring of our trending process and is more involved in both time and cost depending on the amount of adjustment required than the typical buy and hold approach most commonly used.

In addition to our investment management services, we provide comprehensive financial planning, as part of our fee schedule that can be done on a modular basis depending on the client. This process allows us to determine along with our suitability review, the required net rate of return that is needed to realize the client's goals. We also provide multiple client reviews during the year, the frequency depending on the account size. Monthly statements and quarterly performance reporting are provided in hard copy or electronic form as per client election.

We are aware that similar services may be available for less, but feel the total value our Team provides, is hard to match. As always, feel free to ask any questions about our fee structure.

#### ***Financial Consulting Services***

We offer consulting services which primarily involves advising clients on specific financial-related topics. We charge an hourly fee of no more than \$350 per hour for advisory consulting services. An estimate of the total time/cost will be determined at the start of the advisory relationship. We require that you pay 50% of the fee in advance and the remaining portion upon the completion of the services rendered. Under no circumstances will we require prepayment of a fee more than six months in advance and in excess of \$1,200. Our financial consulting fees are in addition to the brokerage commissions, transaction fees, and other related costs and expenses, which you may incur if you implement our recommendations.

If you choose to implement our recommendations by engaging our firm for asset allocation or portfolio management services, we may, at our discretion, apply a credit for the financial consulting fees paid towards your annual asset allocation or portfolio management fees. However, you are under no obligation to act on our financial consulting recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

You may terminate the financial consulting agreement within five days from the date of acceptance without penalty to you. After the five-day period, either you or our firm may terminate the financial consulting agreement by providing written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Types of Investments**

We primarily offer advice on exchange traded funds, and in some cases, equity securities. We may also offer advice on corporate debt securities, certificates of deposit, municipal securities, mutual funds, variable annuities, variable life insurance, US Government securities, and interest in partnerships investing in real estate, oil and gas interests.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

All accounts participating in the CFS Advisory Programs and accounts participating in the LPL Sponsored Advisory Programs are managed as part of a wrap fee program; however, accounts participating in the LPL Sponsored Advisory Programs are subject to the investments strategies of LPL. Clients participating in the LPL Sponsored Advisory Programs should refer to LPL's disclosure brochure for more information on these programs.

### **Assets Under Management**

As of December 31, 2015, we manage \$ 150,768,476 in client assets on a discretionary basis.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

Please refer to the "Advisory Business" section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment; however, we do not recommend any mutual funds that charge redemption fees. Transactions in mutual fund shares (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the mutual fund fees, exchange traded fund fees, or brokerage fees/transaction charges\* imposed by the broker-dealer or custodian.

*\*Such fees may include, but are not limited to, sub-transfer agent fees, omnibus processing fees and networking fees, mutual fund or money market management fees and administration expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, variable annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, alternative investment administrative fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors, hedge fund investment management fees, managed futures investor servicing fees, participation fees from auction rate preferred securities, and other charges. Our firm does not receive any portion of these fees.*

To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.



### **Compensation for the Sale of Securities or Other Investment Products**

Some persons providing investment advice on behalf of our firm are registered representatives with LPL Financial Corporation ("LPL"), an unaffiliated registered investment adviser and broker-dealer. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Some persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

### **Compensation for Your Participation in LPL Sponsored Programs**

We receive compensation as a result of your participation in an LPL Sponsored Programs. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what we would receive if you participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

Some persons are also investment adviser representatives with LPL and may provide advisory services for fee-based compensation. Our firm has a working relationship with LPL and the provision of advisory services through LPL may be part of the provision of advisory services through our firm. Please see the "Advisory Business" section of this brochure for more information regarding our advisory services using LPL.

### ***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the "Advisory Business" section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## ***Types of Clients***

Form ADV Part 2A, Item 7

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$15,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you.

For our clients participating in LPL programs, LPL has minimum account values for each of its programs as described in the "Advisory Business" section of this brochure. They do not combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet their stated minimums.

## ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Technical Analysis** – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- **Fundamental Analysis** – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Long Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

On rare occasions, we may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s) when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and

taxes.

The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Long term purchases may be affected by unforeseen long term changes in the company in which you are invested or in the overall market. Short term trading generally involves a greater degree of risk than long term trading due to market volatility over a short period of time.

### **Tax Disclosures**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. You custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected account method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we offer advice on many types of securities; however, we primarily recommend exchange traded funds, and in some cases, equity securities. Since each client has different needs and different tolerance for risk, we may recommend other types of investments as appropriate for you. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment. Also, we could encounter a thinly traded market for an individual security, meaning that not enough buyers are present to support a current market price.

Exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than

balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on ETFs can be reduced by the costs to manage the funds.

### ***Disciplinary Information***

Form ADV Part 2A, Item 9

Neither our firm nor any of our associated persons has any reportable disciplinary information.

### ***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

#### **Registrations with Broker-Dealer**

Persons providing investment advice on behalf of our firm are registered representatives and/or investment adviser representatives with LPL. Please refer to the “Fees and Compensation” and “Brokerage Practices” section of this brochure for more information.

#### **Insurance Agents**

Some persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the “Fees and Compensation” section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

### ***Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

Form ADV Part 2A, Item 11

#### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

**Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

**Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this brochure for information on our block trading practices.

A conflict of interests exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our associated persons nor we shall have priority over your account in the purchase or sale of securities.

***Brokerage Practices***

Form ADV Part 2A, Item 12

Persons providing investment advice on behalf of our firm who are registered representatives of LPL with recommend LPL to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from LPL unless LPL provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through LPL. It may be the case that LPL charges higher transactions costs and/or custodial fees than other brokerage charges for the same types of services. If transactions are executed through LPL, these individuals (in their separate capacities as registered representatives of LPL) may earn commission-based compensation as result of placing the recommended securities transactions through LPL. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use LPL, we may not be able to accept your account. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

**Over-the-Counter Transactions**

Over-the-Counter (OTC) securities transactions for our clients are generally effected on an agency basis, which involve the services of two separate broker dealers:

- (1) a "dealer" or "principal" acting as market-maker; and
- (2) the executing broker-dealer that acts in an agency capacity for your account.

Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, you may also incur the transaction fee imposed by the executing broker-dealer. Our firm does not receive any portion of the dealer markup/down or the executing broker-dealer transaction fee.

### ***Review of Accounts***

Form ADV Part 2A, Item 13

Todd Kimpel, Managing Member and Chief Compliance Officer, Roger Woodruff, Managing Member and Chief Financial Officer, and Michael Seese, Managing Member and Chief Investment Officer of our firm will monitor your accounts on an ongoing basis and will conduct account reviews at least annually. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- Contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will not provide you with additional or regular written reports in conjunction with account reviews. However, you will receive trade confirmations, monthly or quarterly statements, and year-end tax statements from your account custodian(s).

### ***Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

As disclosed under the “Fees and Compensation” section in this brochure, persons providing investment advice on behalf of our firm are registered representatives and investment advisor representatives with LPL, an unaffiliated registered investment adviser and securities broker-dealer, member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. They may also be licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the “Fees and Compensation” section.

We directly compensate non-employee (outside) individuals and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor’s disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires or a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees because of this agreement with our firm. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We recommend that you request Solicitors to disclose to you whether multiple referral relationships exist and whether comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

## ***Custody***

Form ADV Part 2A, Item 15

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## ***Investment Discretion***

Form ADV Part 2A, Item 16

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and/or trading authorization forms.

You will grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

## ***Voting Client Securities***

Form ADV Part 2A, Item 17

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## ***Financial Information***

Form ADV Part 2A, Item 18

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## ***Additional Information***

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. Generally, if a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.