

Harwood Advisory Group, LLC
d/b/a
Harwood Financial Group

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**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of Harwood Advisory Group, LLC *dba* Harwood Financial Group or referred to as "Advisor." Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at: 727-524-1427. 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 Harwood Financial Group (CRD # 166585) is available on the SEC's website at www.adviserinfo.sec.gov.

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

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 29, 2019, we have the following material changes to report:

- Our ownership structure has changed. We are now owned by MRM Equity Group Holdings, LLC, and Management Solutions, LLC. Michael Bartolotta, Jeremy Bartolotta, and Michael Sorrentino own MRM Equity Group Holdings, LLC and Robert Harwood owns Management Solutions, LLC.
- Michael Sorrentino serves as our Chief Compliance and Chief Investment Officer.
- We have updated our brochure to clarify that we may receive certain economic benefits, such as access to from your account custodian and/or other brokerage firm. For more information on this topic, refer to Item 12.

Item 3 Table of Contents

| | |
|---|---------|
| Item 1 Cover Page | Page 1 |
| Item 2 Summary of Material Changes | Page 2 |
| Item 3 Table of Contents | Page 3 |
| Item 4 Advisory Business | Page 4 |
| Item 5 Fees and Compensation | Page 7 |
| Item 6 Performance-Based Fees and Side-By-Side Management | Page 10 |
| Item 7 Types of Clients | Page 10 |
| Item 8 Methods of Analysis, Investment Strategies and Risk of Loss | Page 11 |
| Item 9 Disciplinary Information | Page 12 |
| Item 10 Other Financial Industry Activities and Affiliations | Page 13 |
| Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | Page 14 |
| Code of Ethics Description | Page 14 |

Item 4 Advisory Business

Firm Description

Harwood Advisory Group, LLC d/b/a Harwood Financial Group is a registered investment adviser primarily based in Largo, Florida. We are organized as a limited liability company under the laws of the State of Florida. We have been providing investment advisory services since 2012. We are owned by MRM Equity Group Holdings, LLC, and Management Solutions, LLC.

We are indirectly owned by Robert Harwood, Michael Bartolotta, Jeremy Bartolotta, and Michael Sorrentino.

Advisor provides personalized confidential financial planning and investment management primarily to individuals, profit sharing and pension plans, trusts, and corporations or business entities. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Advisor is a fee based financial planning and investment management firm. Harwood Advisory Group, LLC does not sell annuities, insurance, or other commissioned products, but we are affiliated with Harwood Insurance Group, LLC, through common control and ownership. Together, they operate under the doing business as name ("dba") of Harwood Financial Group.

The Advisor also provides third party asset management services for other investment advisers.

Advisor does not act as a custodian of client assets. Advisor places trades for clients under a limited power of attorney.

An evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement, risk analysis or similar document. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) are engaged directly by the client on an as-needed basis and may charge fees of their own. For example, tax preparation and to the extent your estate plan needs to be updated, the tax preparer and/or attorney will bill the client separately.

Types of Advisory Services

Advisor provides investment supervisory services, also known as asset management.

ASSET MANAGEMENT

Advisor offers discretionary direct asset management services to advisory clients. Advisor will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize Advisor discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

We may utilize the services of unaffiliated investment advisers: Atria Investment LLC d/b/a Adhesion Wealth Advisor Solutions ("Adhesion"), Assetmark, Inc. ("Assetmark") and Envestnet Asset Management, Inc. ("Envestnet"), each an "Overlay Portfolio Manager". These Overlay Portfolio

Managers offer investment and operational platforms which helps us in managing client portfolios and are available to us through various unified managed account programs such as TD Ameritrade's Unified Managed Account Exchange ("UMAX") as well as Fidelity Institutional Wealth Services ("Fidelity"), collectively referred to as "UMA programs". Details of this service, along with associated conflicts of interests, are more fully described at Item 10 below.

The Advisor also acts a model portfolio provider for Adhesion and Envestnet. The Advisor may include a UMA that it manages for Adhesion or Envestnet in a client's portfolio for which it charges the client an additional fee. The Advisor has an incentive to offer its UMA program over those of unaffiliated Overlay Portfolio Managers in order to receive higher compensation. The Advisor manages this conflict by providing advice that is in the best interest of the client.

THIRD PARTY MONEY MANAGEMENT

The Advisor may utilize the services of a third-party money manager to manage a client's portfolio. Under these accounts, the Advisor will introduce the client to, and advise on the selection of, independent portfolio manager(s) who provide discretionary management of individual portfolios using a variety of different securities analysis methods, sources of information and investment strategies. The client receives separate disclosure from such third-party money manager regarding any such third-party money manager's advisory services.

The Advisor selects the appropriate independent third-party money manager based upon the client's financial needs and investment objectives. The unaffiliated third-party money manager establishes custodial facilities, monitors performance, provides clients with performance accounting and other administrative services, and handles certain trading activities.

EMPLOYER-SPONSORED RETIREMENT PLAN CONSULTING

Advisor provides service to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans. Advisor may act as either:

(1) *Limited Scope 3(21) Fiduciary*. Advisor typically acts as a limited scope 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using Advisor can help mitigate that plan sponsor's liability by following a diligent process.

(2) *3(38) Investment Manager*. Advisor can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. Advisor would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

Advisor offers the following services to the Plan and the Plan participants:

1. Fiduciary Services:

- a. Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options.
- b. Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- c. Assist the Client in the development of an investment policy statement ("IPS"). The IPS

establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.

- d. Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- e. Meet with Client on a periodic basis to discuss their thoughts and the investment recommendations.
- f. Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).

2. Non-fiduciary Services:

- a. Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands Advisor's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, Advisor is not providing fiduciary advice as defined by ERISA to the Plan participants. Advisor will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- b. Assist in the group enrollment meetings designed to increase perceived value and/or participation among retirement plan participants.

Advisor may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between Advisor and Client.

A specific description of the scope of engagement and client deliverables will be outlined in the client engagement agreement.

3. Advisor has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- a. Employer securities;
- b. Real estate (except for real estate funds or publicly traded REITs);
- c. Stock brokerage accounts or mutual fund windows;
- d. Participant loans;
- e. Non-publicly traded partnership interests;
- f. Other non-publicly traded securities or property (other than collective trusts and similar vehicles);or
- g. Other hard-to-value or illiquid securities or property.

Excluded Assets will not be included in calculation of Fees paid to Advisor under this Agreement.

SEPARATELY MANAGED ACCOUNTS

As described above, Advisor also participates as a model portfolio provider in UMA programs with Envestnet and Adhesion. Under these UMA agreements, Advisor provides a model investment portfolio of its investment strategies. Advisor continuously updates the model portfolio with specific

instructions to buy or sell certain securities. The Overlay Portfolio Manager is responsible for model level and individual account level trades. For accounts of unaffiliated investment advisers that use the Advisor's model portfolios the Overlay Portfolio Manager has discretion to deviate from the model portfolio and instructions provided by Advisor. However, for the Advisor's clients utilizing its model portfolios, the Overlay Portfolio Manager will follow the Advisor's instructions. Our obligations are limited to furnishing model portfolios to the Overlay Portfolio Manager. The Overlay Portfolio Manager's subscribers have no obligation to implement any or all of our portfolio recommendations. With the exception of the Advisor's direct clients, the Advisor does not have any relationship with or obligation to the Overlay Portfolio Manager's subscribers' investors or manage their investors' portfolios.

From time to time, the UMA model portfolio may be invested in the same securities as Advisor's clients. When there is overlap, careful consideration is given to this and Advisor seeks to minimize any impact the UMA Program trading may have on its advisory clients.

FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable, the client will compensate Advisor a negotiable fixed fee basis described in detail under "Fees and Compensation" section of this brochure. Services include but are not limited to a thorough review of all applicable topics including Wills, Estate Plan/Trusts, Investments, Taxes, and Insurance. A conflict of interest exists between the interests of the investment advisor and the interests of the client, the client is under no obligation to act upon the investment advisor's recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Advisor. The Advisor does not provide ongoing financial planning services, and does not have discretionary authority with respect to the client's assets. Financial plans will be completed and delivered inside of thirty (30) days.

Client Tailored Services and Client Imposed Restrictions

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities, and are responsible for notifying Advisor of any changes to their financial situation or investment objectives. Agreements may not be assigned without client consent.

Wrap Fee Programs

Advisor does not sponsor any wrap fee programs.

Client Assets under Management

As of December 31, 2019, we provide continuous management services for \$460,492,286 in client assets managed on a discretionary basis. We also manage \$3,819,378 in client assets on a non-continuous basis.

Item 5 Fees and Compensation

Methods of Compensation and Fee Schedule

Advisor, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

ASSET MANAGEMENT

Advisor offers discretionary and non-discretionary asset management services to advisory clients. The fees for these services will be based on a percentage of Assets Under Management as follows:

| Portfolio Management | | |
|---------------------------------------|---------------------------|----------------------|
| Assets Under Management (AUM)* | Maximum Annual Fee | Quarterly Fee |
| \$0-\$1,000,000 | 1.50% | .375% |
| Over \$1,000,000 | 1.00% | .250% |

The annual fee is negotiable. Fees are billed quarterly in arrears based on the amount of assets managed as of the close of business on the last business day of each quarter. Quarterly advisory fees deducted from the clients' account by the custodian will be reflected on the custodial statement. In the event the client requests financial planning services, these services are provided as part of this advisory fee. In the event that the account is on the UMAX platform, the above fee schedule does not include the fees associated with that platform and are billed quarterly in advance.

Lower fees for comparable services may be available from other sources. Advisory fees are negotiable at the Advisor's discretion. Clients may terminate their account within five business days of signing the Investment Advisory Agreement with no obligation. Clients and Advisor may terminate advisory services with thirty (30) days written notice. Advisor will be entitled to a pro rata fee for the days service was provided in the final quarter. Client shall be given thirty (30) days prior written notice of any increase in advisory fees.

For accounts on the UMAX platform, in addition to the Advisor's fees, the Overlay Portfolio Manager also charges a fee based on a percentage of Assets Under Management for its services and the services of the model portfolio provider, which may be the Advisor. These fees are not negotiable. Quarterly advisory fees deducted from the clients' account by the custodian will be reflected on the custodial statement.

If customers of Harwood Advisory Group are not satisfied with services provided in their first year, Harwood Advisory Group will refund 100% of the client's advisory fees paid. This refund is specific to advisory fees paid to Harwood Advisory Group, LLC over the last 12 months and does not relate to third party management fees, mutual funds fees (i.e. 12(b)1 or expense ratios), Overlay Portfolio Manager fees or investment fees or commissions paid in relation to Insurance Products.

FINANCIAL PLANNING AND CONSULTING

For clients who are not receiving Asset Management Services but would like Financial Planning and Consulting Services, Advisor charges a negotiable fixed fee for financial planning depending upon the complexity of the plan and the unique needs of the client. Prior to the planning process the client will be provided an estimated plan fee. The services include, but are not limited to, a thorough review of all applicable topics including Wills, Estate Plan/Trusts, Investments, Taxes, and Insurance. Client will pay half of the estimated fee at the signing of the agreement. Services are completed and delivered inside of thirty days. Client may cancel within five (5) business days of signing Agreement for a full refund. If the client cancels after five (5) business days, any unearned fees will be refunded to the client, or any unpaid earned fees will be due to Advisor.

FIXED FEES

Financial Planning Services are offered based on flat fees between \$750 and \$1,500 or no more than 1% of investable assets.

EMPLOYER-SPONSORED RETIREMENT PLAN CONSULTING

Based on the nature and scope of services desired by the client, fees charged are any combination of A) an asset-based fee based on a percentage of the market value of included plan assets, B) flat fee, or C) hourly fee based on the scope of service desired by the client.

- Asset-based fee will not exceed 1% of the plan assets;
- Flat fee ranging from \$1,000 and \$10,000; and/or
- Hourly fee of \$150 per hour.

Asset-based fees are billed quarterly in either arrears or advance, depending on the Plan Sponsor. The initial fee will be based on the market value of the Plan assets as calculated by the custodian or record keeper of the Included Assets on the last business day of the initial fee period. Fees for partial quarters are pro-rated. Asset-Based Fees are typically paid by the Plan through deductions from participant accounts but may also be paid directly by Plan Sponsor. If direct payment by the Plan Sponsor is desired, they may choose to pay Advisor directly via an ACH payment or have the amount deducted from another account managed by Advisor. Client must provide written authorization in advance to allow debiting of their account.

For hourly fees, Advisor will invoice the client for actual hours of service provided to the plan.

Flat Fees are billed quarterly in advance. Initial fees for partial quarters are pro-rated. Flat Fees are typically paid directly by Plan Sponsor. If direct payment by the Plan Sponsor is desired, they may choose to pay Advisor directly via an ACH payment or have the amount deducted from another account managed by Advisor. Client must provide written authorization in advance to allow debiting of their account. It is the Client's responsibility to verify the accuracy of fees paid. Fees may also be deducted directly from participant accounts. Client must provide written authorization in advance to allow debiting of participant accounts.

The compensation of Advisor for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees; however the Plan Sponsor may elect to pay the fees. Advisor does not expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, Advisor will disclose this compensation, the services rendered, and the payer of compensation. Advisor will offset the compensation against the fees agreed upon under this Agreement.

SEPARATELY MANAGED ACCOUNTS

Advisor offers model investment portfolio services to its advisory clients and unaffiliated investment advisers through the UMA program. The fees for these services will be .25% based on a percentage of Assets Under Management paid to the Advisor, in addition to the Advisor's fees set forth above and the fee paid to the Overlay Portfolio Manager. These fees are not negotiable and are billed quarterly in advance as of the close of business on the last business day of each quarter. Lower fees for model investment portfolio services may be available from other sources. Quarterly advisory fees deducted

from the clients' account by the custodian will be reflected on the custodial statement. These fees do not include portfolio management fees an Overlay Portfolio Manager's subscribers' clients pay their subscribing advisor directly.

Clients may terminate services at any time with (30) days written notice. For service terminated mid-quarter, the client will be entitled to a pro rata refund for the days service was not provided in the final quarter. Client shall be given thirty (30) days prior written notice of any increase in fees and such notice will be acknowledged in writing by both parties. The fee may be negotiable in very limited circumstances.

Additional Client Fees Charged

Custodians charge transaction-based or asset-based fees on purchases or sales of mutual funds, equities, and exchange-traded funds. In addition, they charge custodial fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). In choosing transaction-based or asset-based charges, clients should consider that they may pay more or less in custodian transactions fees depending on the amount of trading activity in their account(s).

Mutual funds charge an advisory fee in addition to the management fee a client pays to the Advisor. Some funds also assess administrative fees and 12b-1 fees. The Advisor does not receive any portion of these fees. These fees are in addition to the investment advisory fees the Advisor charges. The client does not pay these fees directly; rather, they are deducted from the mutual fund's assets and will affect the performance of the investment. These funds' advisory, administrative, and 12b-1 fees are described in the funds' prospectuses. Mutual fund share prices and execution costs differ based on share class. The Advisor will review the cost of a fund's share classes in conjunction with execution costs to assure that it meets its fiduciary duty to obtain best execution.

When investing in Exchange Traded Funds ("ETF"), a client will bear the ETF's proportionate share of fees and expenses as an investor in the ETF. The client does not pay these fees directly; rather they are deducted from the ETF's assets and will affect the performance of the investment. For more details on the brokerage practices, see Item 12 of this brochure.

Prepayment of Client Fees

Financial planning fees will be at the signing of the agreement.

Item 6 Performance-Based Fees and Side-By-Side Management

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Advisor does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may create an incentive for the Advisor to recommend an investment that may carry a higher degree of risk to the client.

Item 7 Types of Clients

Description

Advisor provides investment advice to individuals, pension and profit-sharing plans, trusts, estates, corporations or business entities. It is also a model portfolio provider for unaffiliated Third-Party Managers. Client relationships vary in scope and length of service.

Account Minimums

Advisors does not require a minimum to open an account.

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

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume. Cyclical analysis involves analyzing the cycles of the market.

When creating a financial plan, Advisor reviews of insurance policies for economic value and income replacement. Technical analysis is used to review mutual funds and individual stocks. The main sources of information include Morningstar, client documents such as tax returns and insurance policies.

In developing a financial plan for a client, Advisor's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

Use of Third-Party Managers

As described in Item 4 of this brochure, we may employ the use of Third-Party Managers through investment in the UMA Model Portfolio. Our analysis of Third-Party Managers involve the examination of the experience, expertise, investment philosophies, and past performance of the Third-Party Managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due- diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with a Third-Party Manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a Third-Party Manager's portfolio. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Investment Strategy

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

Security Specific Material Risks

All investment programs have certain risks that are borne by the investor. Fundamental analysis involves interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with Advisor:

- *Interest-rate Risk*: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk*: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events. Further, there is a higher level of risk with leveraged and inverse exchange traded products because, to accomplish their objectives, they may pursue a range of investment strategies through the use of swaps, futures contracts and other derivative instruments.
- *Inflation Risk*: When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk*: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk*: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk*: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk*: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk*: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 Disciplinary Information

Criminal or Civil Actions

The firm and its management have not been involved in any criminal or civil action.

Administrative Enforcement Proceedings

The firm and its management have not been involved in administrative enforcement proceedings.

Self-Regulatory Organization Enforcement Proceeds

The firm and its management have not been involved in legal or disciplinary events that are material to a client's prospective client's evaluation of Advisor or the integrity of its management

Item 10 Other Financial Industry Activities and Affiliations

Broker-Dealer or Representative Registration

Representatives of Advisor are not registered representatives of a broker-dealer

Futures or Commodity Registration

Neither Advisor nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

Material Relationships Maintained by this Advisory Business and Conflicts of Interest

The Advisor's owner, Management Solutions, LLC, Member, also owns Harwood Insurance Group, LLC ("HIG"). Robert Harwood is HIG's Manager, where he is employed as an insurance agent. Approximately 40% of Mr. Harwood's time is spent in this business practice. Mr. Harwood and the Advisor's representatives will from time to time, offer clients advice or products from this activity. Any commissions received through insurance sales do not offset advisory fees the client pays for advisory services to Advisor.

This practice represents a conflict of interest because it gives Mr. Harwood and representatives of the firm an incentive to recommend insurance products based on the commission amount received. This conflict is mitigated by the fact that they have a fiduciary responsibility to place the best interest of the client first and the clients are not required to purchase any insurance products recommended. Clients have the option to purchase these products through another insurance agent of their choosing.

UMA MODEL PORTFOLIO PROVIDER

As described in Item 4 above, Advisor also participates as a model portfolio provider in unified managed account (UMA) programs with Envestnet, Adhesion, and Assetmark each an "Overlay Portfolio Manager." Under these UMA agreements, Advisor provides a model investment portfolio of its investment strategies. Advisor continuously updates the model portfolio with specific instructions to buy or sell certain securities. The Overlay Portfolio Manager is responsible for model level and individual account level trades. The Advisor is compensated by the Overlay Portfolio Manager for the portion of assets invested in that strategy, as well as by the Client for the overall advisory relationship, resulting in the Client compensating Advisor directly through advisory fees, and indirectly through the management fee charged by the Overlay Portfolio Manager. This practice represents a conflict of interest because it gives the Advisor an incentive to recommend its model portfolios through the UMA to receive additional compensation. Further, from time to time, the UMA model portfolio may be invested in the same securities as Advisor's clients. When there is overlap, careful consideration is given to this and Advisor seeks to minimize any impact the UMA Program trading may have on its advisory clients.

Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

Advisor may recommend the UMA programs of Envestnet, Assetmark and Adhesion to provide investment management services to clients using the model portfolios of unaffiliated investment advisers. In this instance, the client will have an advisory agreement with both Advisor and Overlay Portfolio Manager. The Overlay Portfolio Manager is responsible for model level and individual account level trades and has discretion to deviate from the model portfolio and instructions provided by Advisor. These fees are disclosed to and agreed to by the Client at the start of the service.

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

Code of Ethics Description

The employees of Advisor have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Advisor employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Advisor. The Code reflects Advisor and its supervised persons' responsibility to act in the best interest of their client.

One area which the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

Advisor's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of Advisor may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Advisor's Code is based on the guiding principle that the interests of the client are our top priority. Advisor's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Investment Recommendations Involving a Material Financial Interest and Conflict of Interest

Advisor and its employees do not recommend to client's securities in which we have a material financial interest.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Our firm and its "related persons" may buy or sell securities similar to, or different from, those we recommend to clients for their accounts. Our policy is designed to assure that the personal securities transactions, activities and interests of the employees of our firm will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates' transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

From time to time, our firm or its "related persons" may buy or sell securities for themselves at or around the same time as the Adviser trades for its clients. However we restrict related persons from trading non-mutual fund securities until market close on the same day in an attempt to avoid trading ahead of trades placed by the Adviser on a discretionary basis in the same security for clients.

Item 12 Brokerage Practices

Factors Used to Select Broker-Dealers for Client Transactions

Advisor recommends the use of a particular broker-dealer to provide trading and custodial services ("Custodian") or the client may utilize a broker-dealer of the client's choosing and subject to the Advisor's approval Advisor will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. Advisor relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Advisor.

Advisor participates in the TD Ameritrade Institutional program and Fidelity Clearing & Custody Solutions. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. Fidelity Clearing & Custody Solutions provides clearing, custody, or other brokerage services through National Financial Services LLC ("Fidelity"), member FINRA/SPIC. TD Ameritrade and Fidelity are independent and unaffiliated SEC-registered broker-dealers. They offer to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits through its participation in their programs. (Please see the disclosure under Item 14 below.)

- *Directed Brokerage*

In circumstances where a client directs Advisor to use a certain broker-dealer, Advisor still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: Advisor's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients and conflicts of interest arising from brokerage firm referrals.

- *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*

We do not have any soft dollar arrangements.

Economic Benefits

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products are in addition to any benefits or research we pay for with soft dollars, and may include financial publications, information about particular companies

and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

TD Ameritrade Institutional

We participate in the institutional adviser program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program.

As disclosed above, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the Program and the investment advice we give you, although we receive economic benefits through our participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to aggregated trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to your accounts); the ability to have advisory fees deducted directly from your accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit us but may not benefit your accounts. These products or services may assist us in managing and administering your accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Aggregating Securities Transactions for Client Accounts

Advisor is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of Advisor. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis. Advisor is not obligated to aggregate trades across accounts. Declining to aggregate trades can cause more expensive trades for clients.

Item 13 Review of Accounts

Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Client reviews are performed at least annually by Robert Harwood, President, or the appropriate investment adviser representative. Account reviews are performed more frequently when market conditions dictate.

Review of Client Accounts on Non-Periodic Basis

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

Content of Client Provided Reports and Frequency

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by the Advisor's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

Item 14 Client Referrals and Other Compensation

Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest

TD Ameritrade, Inc.

As disclosed under Item 12, above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retain investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to

Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Fidelity Clearing & Custody Solutions

Advisor has established an institutional relationship with Fidelity to assist the Advisor in managing Client accounts. Access to the Fidelity Clearing & Custody Solutions platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders wealth management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from the Custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services. Additionally, the Advisor may receive the following benefits from Fidelity: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

Advisor does not compensate for client referrals.

Item 15 Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to the performance report statements prepared by Advisor. Advisor's advisory fees are directly deducted from clients' account by the custodian on behalf of Advisor.

Standing Letters of Authorization: Advisor does maintain a standing letter of authorization (SLOA) where the funds or securities are being sent to a third party, and the following conditions are met:

- a. The client provides an instruction to the qualified custodian, in writing, that includes the clients' signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- b. The client authorizes Advisor, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- c. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- d. The client has the ability to terminate or change the instruction to the client's qualified custodian.
- e. Advisor has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- f. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- g. Advisor maintains records showing that the third party is not a related party of Advisor or located at the same address as Advisor.

Item 16 Investment Discretion

Discretion Authority for Trading

Advisor accepts discretionary authority to manage securities accounts on behalf of clients. Advisor has the authority to determine, without obtaining specific client consent, the securities to be bought and sold, and the amount of the securities to be bought or sold. The client will authorize Advisor discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. Advisor does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Item 17 Voting Client Securities

Proxy Votes

Advisor does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent. When assistance on voting proxies is requested, Advisor will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

Item 18 Financial Information

Balance Sheet

A balance sheet is not required to be provided because Advisor does not serve as a custodian for client funds or securities and Advisor does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

Advisor has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

Bankruptcy Petitions during the Past Ten Years

Neither Advisor nor its management has had any bankruptcy petitions in the last ten years.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.