



PRISM
FINANCIAL STRATEGIES

PRISM Financial Strategies, LLC

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Part 2A Brochure

This brochure provides information about the qualifications and business practices of PRISM Financial Strategies, LLC (“PRISM”) If you have any questions about the contents of this brochure, please contact us at 720-458-6841. 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. PRISM 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.

Additional information about PRISM Financial Strategies is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as an IARD number. The IARD number for PRISM Financial Strategies is 289033.

ITEM 2 – MATERIAL CHANGES

SUMMARY OF MATERIAL CHANGES

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov. Material changes since our last Annual Amendment filing made on January 20, 2020:

- The Firm was approved as a Registered Investment Adviser with the U.S. Securities and Exchange Commission (“SEC”) in June 2020.

Currently, a free copy of our Brochure may be requested by contacting Jeff Engelman, Chief Compliance Officer of PRISM at 720-458-6841. The Brochure is also available on our web site www.prismfinancialstrategies.com.

We encourage you to read this document in its entirety.

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ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by PRISM Financial Strategies, LLC (“PRISM”) about the investment advisory services we provide. It discloses information about the services that we provide and the way those services are made available to you, the client.

We are an investment management firm located in Colorado. We specialize in investment advisory services for individuals, high-net-worth individuals, institutions, employee sponsored retirement plans, families, trusts and estates. The firm was established by Jeffrey G. Engelman and Eric D. Maaske in 2017 and became licensed as a Registered Investment Adviser in August 2017. Mr. Engelman owns 90% of the firm and Mr. Maaske owns 10% of the firm.

We are committed to helping clients build, manage, and preserve their wealth, and to provide assistance that helps clients to achieve their stated financial goals. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and PRISM execute an investment management agreement.

INVESTMENT AND WEALTH MANAGEMENT AND SUPERVISION SERVICES

We manage advisory accounts on a discretionary and non-discretionary basis. For discretionary accounts, once we have determined a profile and investment plan with a client, we will execute the day-to-day transactions without seeking prior client consent but within the expected investment guidelines. Account supervision is guided by the client’s written profile and investment plan. We will accept accounts with certain restrictions, if circumstances warrant. We primarily allocate client assets among various equities, Exchanged Traded Funds (“ETFs”), no-load or load-waived mutual funds, or alternative investments in accordance with their stated investment objectives.

During personal discussions with clients, we determine the client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals.

Once we have determined the types of investments to be included in a client’s portfolio and have allocated the assets, we provide ongoing investment review and management services.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet client financial objectives. We trade these portfolios based on the combination of our market views and client objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. Clients have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

If a non-discretionary relationship is in place, calls will be placed presenting the recommendation made and only upon your authorization will any action be taken on your behalf.

In all cases, clients have a direct and beneficial interest in their securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from clients.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

HIGH NET WORTH/MULTIGENERATIONAL FAMILY SERVICES

We strongly believe that by collaborating with our clients' other professional advisors — such as accountants, attorneys and consultants — we add value for clients, encourage teamwork and collaboration, and increase planning opportunities. This is particularly true when it comes to our high-net-worth clients with multigenerational family enterprises. Clients may engage PRISM to design an investment portfolio, provide ongoing corresponding investment management services, and provide family office related services such as account reporting and consolidation, document storage, bill pay, personal bookkeeping, and provide estate and tax related coordination services. Our services are provided pursuant to a separate engagement letter, for a separate fee negotiated in advance. The bill pay and personal bookkeeping services are offered through a third-party nonaffiliated service, My Accountant, Inc. Clients will engage by agreement directly with My Accountant, Inc. While My Accountant, Inc. allows firms like ours to assist in offering bill pay and personal bookkeeping services for clients, it does not give our Firm access to the bank account itself, nor to any of the client's credit card or bank account information. Our Firm is not able to initiate any additional payments via My Accountant, Inc. as agreed upon and outlined in our Agreement.

FINANCIAL PLANNING

Through the financial planning process, our team strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy — both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, our team will offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer, and family legacy objectives. Our team partners with our client's other advisors (CPAs, Enrolled Agents, Estate Attorneys, Insurance Brokers, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets, and periodic updates.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management, and estate planning
- Creation of a unique plan for each goal you have, including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession, and other personal goals

- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, asset allocation, expenses, risk, and liquidity factors for each goal. This includes IRA and qualified plans, taxable, and trust accounts that require special attention
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation, and transfer, including liquidity as well as various insurance and possible company benefits; and
- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death

A written evaluation of each client's initial situation or Financial Plan is provided to the client. An annual review will be provided by the Advisor, if indicated by the Client and Advisor per the Agreement. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

THIRD PARTY MONEY MANAGERS (TPMM):

Occasionally our firm utilizes the services of a TPMM for the management of client accounts. Investment advice and trading of securities will only be offered by or through the chosen TPMM. Our firm will not offer advice on any specific securities or other investments in connection with this service. Prior to referring clients, our firm will provide initial due diligence on third party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a TPMM, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review third party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the TPMM. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

Our firm takes actions on behalf of the client to hire or fire money managers used in the implementation of a client's investment plan and execution of the Advisory Agreement with our Firm. Therefore, the firm has the discretionary authority to hire or fire the manager or to allocate assets among managers without obtaining the Client's consent.

The services provided by the TPMM include:

- Assessment of the client's investment needs and objectives.
- Implementation of an asset allocation.
- Delivery of suitable style allocations (e.g., Large Cap, Small Cap, Growth, Value, etc.)
- Facilitation of portfolio transactions.
- Ongoing monitoring of investment vehicles performance.
- Review of client accounts for adherence to policy guidelines and asset allocation.
- Recommendations for account re-balancing, if and when necessary.
- Reporting of client portfolio performance and progress.
- Engaging selected investment vehicles on behalf of the client

RETIREMENT PLAN ADVISORY SERVICES

Retirement Plan Advisory Services consists of helping employer plan sponsors to establish, monitor and review their company's retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment selection and monitoring, plan structure, and participant education.

Pursuant to Section 402(c)(3) of ERISA, the client may appoint us as the Plan's "investment manager" with respect to the Plan's portfolio of investment options. We acknowledge that we are registered as an investment adviser under the State Securities Statutes. Our firm acts as a "fiduciary" within the meaning of Section 3(21) and 3(38) of ERISA with respect to the Plan.

When serving as an ERISA 3(21) investment adviser, the Plan Sponsor and Our Firm share fiduciary responsibility. The Plan Sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Plan Sponsor Investment Management Agreement between our Firm and the Plan Sponsor. Under the 3(21) agreement, our Firm can provide the following services to the Plan Sponsor:

- **Review or Development of an Investment Policy Statement**
- **Perform Due Diligence on Money Managers**
- **Provide Initial Investment and Management Selection** - PRISM typically uses mutual funds/managed accounts/collective trusts/cash equivalents to structure portfolios designed to meet client objectives and risk profiles.
- **Provide ongoing Performance Evaluation and Monitoring of Money Managers**
- **Make Investment Recommendations when necessary**
- **Retirement Plan Services Analysis** - PRISM will conduct an analysis of a client's retirement plan to evaluate the services currently provided to the client by third parties. The areas of analysis may include asset management services, record keeping, administration, customer service, participant education, etc. These services may also include a cost/benefit analysis, recommendation of alternative vendors, facilitation of the RFP process for solicitation of a new vendor, and/or assistance in fee negotiations with proposed vendors.
- **Provide Employee Education Services** - PRISM will provide enrollment and educational services the content of the program will be generic in nature.

As a result of the 3(38) appointment, we are granted full trading authority over the Plan and have the responsibility for the selection and monitoring of all investment options offered under the Plan in accordance with the investment policy statement and its underlying investment objectives and strategies for the Plan. Plan participants have the ability to exercise control over the assets in their account, and we have no authority or discretion to direct the investment of assets of any participant's account under the Plan.

PARTICIPANT ONE-ON-ONES

We can also be engaged to provide financial education to plan participants. The scope of education provided to participants will not constitute "investment advice" within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the plan.

SUB-ADVISORY SERVICES TO COLLECTIVE TRUST FUNDS

Our Firm is the investment sub-advisor to a series of collective investment funds (CIFs), or collective investment trusts (CITs), known as the Strategic Target Funds. Collective funds are tax-exempt trusts established and maintained by a bank for the collective investment of assets of certain qualified retirement plans identified under section 401(a) of the Internal Revenue Code and certain governmental and church plans. Both defined contribution and defined benefit plans may invest in a collective fund.

Collective funds are exempt from the Investment Company Act of 1940 and securities registration requirements of the Securities Act of 1933. In addition to compliance with Internal Revenue Service requirements needed to maintain their tax-exempt status, collective funds are regulated under federal banking laws by the U.S. Department of Treasury / Office of the Comptroller of the Currency (OCC) under OCC regulation 9.18 or state banking regulations, depending on whether the trusts are maintained by a national or state bank. Collective funds are subject to the Employee Retirement Income Security Act (ERISA), U.S. Department of Labor (DOL) regulations and Internal Revenue Service requirements but are not subject to regulation by the Securities and Exchange Commission (SEC). Collective funds are, in many ways, the functional equivalent of open-end mutual funds and can allow investors efficient access to an investment strategy through a pooled investment designed for multiple underlying investors.

Matrix Trust Company sponsors and maintains the Strategic Target Funds. The offering documents for these collective funds include the Declaration of Trust, which provides a description of each of the funds and provisions governing their operation, and a Participation Agreement which must be executed by a plan in order to invest. The Participation Agreement also lists the fee schedule for the collective funds.

Strategic Target Funds are priced and traded daily, using standardized trading automation for managing and rebalancing, and clearing (processing and settling trades) through the National Securities Clearing Corporation (NSCC)—much like an open-end mutual fund. Additionally, like mutual funds, performance reporting provides plan participants and plan sponsors with access to detailed information in a timely manner. Asset and unit values for plan participants are obtained from NSCC and published by the custodian of the trust, Matrix Trust Company, and made available to plan participants via their retirement plan's online access or statements.

INSTITUTIONAL INTELLIGENT PORTFOLIOS® PLATFORM ("IIPP")

We offer an automated investment program, otherwise known as a robo-advisor, through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("IIPP"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the automated investment program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the automated investment program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the automated investment program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the IIPP, which consists of technology and related trading and account management services for the automated investment program. The IIPP enables us to make the automated investment program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a

portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio. As the listed Adviser on the account, our Firm has the ability to select a portfolio that would be more suited to the Client's objective based on the research and information regarding the Client's financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

CONSULTING SERVICES

We also provide clients investment advice on a more-limited basis on one-or-more isolated areas of concern such as estate planning, real estate, retirement planning, or any other specific topic. Additionally, we provide advice on non-securities matters about the rendering of estate planning, insurance, real estate, and/or annuity advice. In these cases, you will be required to select your own investment managers, custodian and/or insurance companies for the implementation of consulting recommendations. If your needs include brokerage and/or other financial services, we will recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals ("Firms"). You must independently evaluate these Firms before opening an account or transacting business, and have the right to effect business through any firm you choose. You have the right to choose whether to follow the consulting advice that we provide.

WRAP FEE PROGRAM

Our Firm does not offer a Wrap Fee Program.

ASSETS

As of April 30, 2020, we manage a total of \$318,063,389 in assets under our investment management. \$165,542,747 are under our discretionary management and \$152,520,642 are under our non-discretionary management.

ITEM 5 - FEES AND COMPENSATION

INVESTMENT MANAGEMENT FEES AND COMPENSATION

PRISM charges a fee as compensation for providing Investment Management services on your account. These services include advisory and consulting services, trade entry, investment supervision, and other account-maintenance activities. Our recommended custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

The fees for portfolio management are based on an annual percentage of assets under management and are applied to the account asset value on a pro-rata basis and billed either monthly or quarterly in arrears or advance. The specific advisory fee and billing arrangement is outlined in the executed Investment Advisory Agreement with our Firm. The advisory fee will be based upon the market value of the portfolio on the close of the last business day of the month or quarter as reported by the Custodian. In some cases, our fees are a negotiated flat fee ranging from \$10,000 to \$250,000. Unless otherwise agreed upon and stated in the Investment Management Agreement, fees are assessed on all assets under management,

including securities, cash and money market balances. When applicable and noted in the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

Our maximum annual advisory fee is for accounts paying a percentage of assets under management is 1.50% and the specific advisory fees are set forth in your Investment Advisory Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services.

Unless otherwise instructed by the client, we will aggregate asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We would do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could cause your account(s) to be assessed a lower advisory fee.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement monthly directly to you indicating all the amounts deducted from the account including our advisory fees. At our discretion, our firm will allow advisory fees to be paid by check as indicated in the Investment Advisory Agreement. You are encouraged to review your account statements for accuracy.

Either PRISM or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given and billed to your account. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, PRISM will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

FINANCIAL PLANNING FEES

PRISM will negotiate the planning fees with you. Fees may vary based on the extent and complexity of your individual or family circumstances and the amount of your assets under our management. We will determine your fee for the designated financial planning services based on a fixed fee arrangement described below.

Under our fixed fee arrangement, any fee will be agreed in advance of services being performed. The fee will be determined based on factors including the complexity of your financial situation, agreed upon deliverables, and whether or not you intend to implement any recommendations through PRISM. Fixed fees for financial plans range from \$1,000 to \$50,000.

Typically, we complete a plan within a month and will present it to you within 90 days of the contract date, provided that you have provided us all information needed to prepare the financial plan. Fees are billed in two ways: (1) One hundred percent (100%) up front or (2) one half (50%) of the estimated fee will be due and payable at the time you enter into the financial planning agreement, with the balance due and payable at the time the financial plan is delivered. You may terminate the financial planning agreement by providing us with written notice. Upon termination, fees will be prorated to the date of termination and any unearned

portion of the fee will be refunded to you based on an hourly rate of \$250.00. Services provided up to date of termination but not yet paid to PRISM will be billed to you based on the hourly rate of \$250.00. We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services.

We offer both investment management or plan implementation and financial planning services. There is a conflict of interest when offering a financial plan to Clients since there is an incentive for us to recommend products or services for which PRISM receives compensation. However, PRISM will make all recommendations independent of such considerations and based solely on our obligations to consider your objectives and needs. As a financial planning client, you have the right to decide not to act upon any of our recommendations and not affect the transaction(s) through us if you decide to follow the recommendations.

THIRD PARTY MONEY MANAGER (“TPMM”) FEES

Fees and billing methods are outlined in each respective TPM’s Brochure and Advisory Contract. The Client pays an on-going fee directly to the TPM based upon a percentage of your assets under management with respect to each TPM. You will receive disclosure of all fees by the TPM, which include the terms of the compensation arrangement and a description of the compensation paid, at the time of signing an advisory agreement with the TPM. PRISM’s advisory fee is in addition to the fee billed by the TPM. The combined PRISM advisory fee and TPM fee will not exceed 2.00%.

The minimum account size for participating in a TPM Program will vary from TPM to TPM. All such minimums will be disclosed in the respective TPM’s Brochure. PRISM may have the ability to negotiate such minimums for you.

You may terminate your relationship in accordance with the respective TPMs’ disclosure documents. Pre-paid fees will be refunded in accordance with the respective TPM’s agreement and disclosure documents.

We may recommend you terminate the relationship with a Manager. A TPM relationship may be terminated at your or your IAR’s discretion. If indicated by the Client in your Agreement, PRISM may at any time terminate the relationship with a TPM that manages your assets. PRISM will notify you of instances where we have terminated a relationship with any TPM you are investing with. PRISM will not conduct on-going supervisory reviews of the TPM following such termination.

Factors involved in the termination of a TPM may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the TPM, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the TPM on our list of approved TPMs.

TPM programs may have higher or lower fees than other programs available through our firm or available elsewhere. Investment management programs may differ in the services provided and method or type of management offered, and each may have different account minimums. Because managers pay different fees to the referring party, there is a conflict of interest when referring clients to various TPMs. We recognize the fiduciary responsibility to act in your best interest. Our Firm will act in your best interest at all times. We have established policies in this regard to mitigate any conflicts of interest. You, the Client, always has right to decide whether to engage the TPM that PRISM recommends to you.

HIGH NET WORTH/MULTIGENERATIONAL FAMILY SERVICES

Our high net worth and family services are provided pursuant to a separate engagement letter, for a separate fee negotiated in advance. For clients with more than \$5 million in assets under our firm’s

management, this service is included in the annual Investment Management Fee stated above. The bill pay and personal bookkeeping services are offered through a third-party nonaffiliated service, My Accountant, Inc. Although, clients will engage by agreement directly with My Accountant, Inc., the fee for the services will be paid to My Accountant, Inc. by PRISM from the annual advisory fee billed by PRISM. My Accountant bills our firm an annual fee for each account administered by My Accountant.

RETIREMENT PLAN SERVICES

For Retirement Plan Advisory Services compensation, we charge an annual fee as negotiated with the client and disclosed in the Investment Advisory Agreement. The compensation method is explained and agreed upon in advance before any services are rendered. Fees range from 0.10% to 1.00% annually. Fixed fees range from \$2,000 to \$100,000.

Plan advisory services begin with the effective date of the Agreement, which is the date you sign the Investment Advisory Agreement. For that calendar month or quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar month or quarter that the Agreement was effective. Our fee is billed in arrears based on the market value of the last business day of the quarter or month as indicated on the Agreement. Invoices are sent out each month or quarter to either the client or the custodian of the Plan. For Plans where our fee is billed to the custodian, the fee is deducted directly from the participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the Investment Advisory Agreement. Further, the qualified custodian agrees to deliver a monthly or quarterly account statement directly to you indicating all the amounts deducted from the account including our advisory fees. You are encouraged to review your account statements for accuracy. Our firm may send an invoice to you on a monthly or quarterly basis depending on the fee billing arrangement indicated on the Plan Sponsor Agreement.

The Plan Sponsor Agreement may be terminated by the client within five (5) business days of signing the Agreement without penalty or incurring any advisory fees. Either PRISM or you may terminate the management agreement upon 30 days written notice to the other party. You are responsible to pay for services rendered until the termination of the agreement.

SUB-ADVISORY SERVICES FOR COLLECTIVE TRUST INVESTMENTS

Management fees of the Strategic Target Funds are based on the level of managed assets (the more managed in a collective fund, the lower the fee). PRISM's sub-advisory fees for these products are in the range of 0.10% – 0.50% (annualized).

The fees accrue daily based on market value and are deducted monthly in arrears from the trust. The fees cover both investment sub-advisory and administrative services. Unlike mutual funds, where many marketing related costs are directly deducted from the associated funds, any marketing costs incurred by PRISM do not result in additional charges to the Strategic Target Funds.

INSTITUTIONAL INTELLIGENT PORTFOLIOS® PLATFORM ("IIPP")

We charge clients an advisory fee for our services as described above. Our advisory fees are not set or supervised by Charles Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the automated investment program. Charles Schwab does receive other revenues in connection with the automated investment program.

CONSULTING FEES

PRISM provides consulting services for clients who need advice on a limited scope of work. PRISM will negotiate consulting fees with you. Fees may vary based on the extent and complexity of the consulting project. Fees will be billed as services are rendered. Consulting Fees are based on our hourly fee of \$250/hr. Either party may terminate the agreement by providing a written notice. Upon termination, fees will be calculated based on an hourly rate of \$250.00. We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services.

ADMINISTRATIVE SERVICES PROVIDED BY BLACK DIAMOND PERFORMANCE REPORTING, LLC

We have contracted with Black Diamond Performance Reporting, LLC (referred to as “Black Diamond”) to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Black Diamond will have access to client information, but Black Diamond will not serve as an investment advisor to our clients. PRISM and Black Diamond are non-affiliated companies. Black Diamond charges our firm an annual fee for each account administered by Black Diamond. The annual fee is paid from the portion of the management fee retained by us.

ADDITIONAL FEES AND EXPENSES:

In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12, below.

Non-Transaction Fee (NTF) Mutual Funds

When selecting investments for our clients’ portfolios we might choose mutual funds on your account custodian’s Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian’s NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian’s NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees), nor engage side by side management.

ITEM 7 - TYPES OF CLIENTS

We provide investment advice to individuals, high-net-worth individuals, institutions, trusts, estates and employer sponsored retirement plans. Our minimum initial account value is \$5,000; however, we may accept accounts for less than the minimum at our sole discretion.

INSTITUTIONAL INTELLIGENT PORTFOLIOS® PLATFORM (“IIPP”)

Clients eligible to enroll in the automated investment program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the automated investment program. The minimum investment required to open an account in the automated investment program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

PRISM recommends strategies that are consistent with a client’s stated objectives for their investable assets. Portfolios are constructed using asset allocation, diversification, and risk management. PRISM seeks to recommend portfolios that employ a risk first mentality. This is done by maintaining overall risk budgets for each of the portfolios that are recommended to investors. By limiting the volatility risk in a portfolio, the strategies help in limiting loss in periods of drawdowns in any single asset class in the investments that we recommend. By employing managed volatility portfolios, we seek to provide higher risk-adjusted returns over time. We also recognize that during times of high volatility and sideways markets, these portfolios may lag in short term realized returns. Essentially, these portfolios seek to mitigate the impact of the lowest market troughs and highest market peaks to provide for a smoother long term return for investors.

PRISM employs the general use of exchange traded funds, mutual funds, closed end funds, and individual securities. Other securities may also be used for individual portfolios as necessary to meet investor objectives. PRISM seeks to use best in class investments when selecting diversified funds through objective analysis. The following are examples of criteria used, but more analysis is done as necessary: overall expense ratio, manager tenure, market size, standard deviation, tracking error, strategy, correlation to style and/or peer group, performance, and reputation. Active management is often used alongside passive/index strategies to reduce overall cost to investors and give broad access to the asset classes that are recommended.

Often times, individual securities are appropriate for certain investors. When selecting individual securities as investments, traditional methods of fundamental security analysis is completed. Fundamental analysis is the attempt to measure the intrinsic value of a company by examining economic, financial, competition and other factors to determine mispricing in the capital markets. Fundamental analysis is performed on historical and present data, and may or may not lead to an expected outcome in individual security performance.

PRISM’s investment strategies and advice vary with each client. We determine investments and allocation based upon predetermined objectives, risk tolerance, time horizon, financial information, liquidity needs, and other suitability factors. Client restrictions and guidelines may affect the composition and outcome of their portfolio.

PRISM may include mutual funds and exchange traded funds, (“ETFs”) in our investment strategies. Our firm policy is to purchase institutional share classes of those mutual funds selected for the client’s portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client’s account performance. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, our firm may use them in the client’s portfolio, and/or convert the existing mutual fund position to the lower cost share class. Clients who transfer mutual funds into their accounts with our firm would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client’s transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus. It should be noted that there may be circumstances in which other class shares are offered and in the best interest of the client. If a decision is made to offer a share class other than Institutional Shares and it is in the client’s best interest to hold the alternative share class, documentation will be maintained to document why the decision was in the best interest of the client.

We may employ the following investments: exchange traded funds, mutual funds, fixed income, closed-end funds, alternative investments, and individual equities securities. Other strategies and securities may also be used for individual portfolios as necessary to meet investor objectives such as, exchange traded notes (ETNs), managed futures, real assets, oil and gas interests and covered call/put option writing. We may also utilize currency ETFs to diversify clients USD portfolio holdings. Refer to Alternative Risk language below for further disclosure around the risk of alternative investments. The previously mentioned investments shall have liquidity that is not less than quarterly subject to 90 days’ notice to the Investment Manager.

INDEPENDENT THIRD PARTY MANAGER ANALYSIS

We seek to recommend investment strategies that will give a client a diversified portfolio consistent with the client’s investment objective. We do this by analyzing the various securities, investment strategies, and third party management firms. The goal is to identify a client’s risk tolerance, and then find a manager with the maximum expected return for that level of risk.

We examine the experience, expertise, investment philosophies and past performance of independent, 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 managers’ 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 managers’ 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 managers’ portfolio, there is also a risk that the 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 managers’ daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

RISK OF LOSS

A client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws and national and international political circumstances.

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. PRISM will assist Clients in determining an appropriate strategy based on their tolerance for risk.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account(s). PRISM shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform PRISM of any changes in financial condition, goals or other factors that may affect this analysis.

Our methods rely on the assumption that the underlying companies within our security allocations are accurately reviewed by the rating agencies and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investors should be aware that accounts are subject to the following risks:

- **MARKET RISK** - Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.
- **FOREIGN SECURITIES AND CURRENCY RISK** - Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- **CAPITALIZATION RISK** - Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.
- **INTEREST RATE RISK** - In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.
- **CREDIT RISK** - Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and thus, impact the fund's performance.
- **SECURITIES LENDING RISK** - Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

- **EXCHANGE-TRADED FUNDS** - ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."
- **PERFORMANCE OF UNDERLYING MANAGERS** - We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.
- **NON-LIQUID ALTERNATIVE INVESTMENTS** - From time to time, our Firm will recommend to certain qualifying clients that a portion of such clients' assets be invested in private funds, private fund-of-funds and/or other alternative investments (collectively, "Nonliquid Alternative Investments"). Nonliquid Alternative Investments are not suitable for all our Firm's clients and are offered only to those qualifying clients for whom our Firm believes such an investment is suitable and in line with their overall investment strategy. Nonliquid Alternative Investments typically are available to only a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), or "qualified client" under the Investment Advisers Act of 1940, or "qualified purchaser" under the Investment Company Act of 1940. Nonliquid Alternative Investments present special risks for our Firm's clients, including without limitation, limited liquidity, higher fees and expenses, volatile performance, no assurance of investment returns, heightened risk of loss, limited transparency, additional reliance on underlying management of the investment, special tax considerations, subjective valuations, use of leverage and limited regulatory oversight. When a Nonliquid Alternative Investment invests part or all of its assets in real estate properties, there are additional risks that are unique to real estate investing, including but not limited to: limitations of the appraisal value; the borrower's financial conditions (if the underlying property has been obtained by a loan), including the risk of foreclosures on the property; neighborhood values; the supply of and demand for properties of like kind; and certain city, state and/or federal regulations. Additionally, real estate investing is also subject to possible loss due to uninsured losses from natural and man-made disasters. The above list is not exhaustive of all risks related to an investment in Nonliquid Alternative Investments. A more comprehensive discussion of the risks associated with a particular Nonliquid Investment is set forth in that fund's offering documents, which will be provided to each client subscribing to a Nonliquid Alternative Investment, for review and consideration. It is important that each potential, qualified investor carefully read each offering or private placement memorandum prior to investing.
- **OPTIONS AND OTHER DERIVATIVES** Client portfolios may purchase or sell options, warrants, equity-related swaps or other derivatives that trade on an exchange. Both the purchasing and selling of call and put options entail risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying securities. The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the hedged portfolios correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular security, whether a portfolio realizes a gain or loss will depend upon movements in the level of security prices in securities markets generally rather than movements in the price of a particular security.
- **CYBERSECURITY RISK** - In addition to the Material Investment Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and

unintentional events at our firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

ITEM 9 - DISCIPLINARY INFORMATION

We do not have any legal, financial or other "disciplinary" item to report.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

INSURANCE

PRISM Insurance Strategies, LLC ("PRISM Insurance"), an affiliated and separate entity, is a licensed insurance agency with the State of Colorado and licensed in various other states. IARs of PRISM may act as agents of Prism Insurance. Our firm indirectly receives compensation (commissions, trails, or other compensation from the respective insurance products) as a result of our IARs effecting insurance transactions for mutual client(s) of PRISM. Commissions generated by insurance sales do not offset regular advisory fees. Our firm has an incentive to recommend insurance products and this incentive creates a conflict of interest between your interests and our Firm. We mitigate this conflict by disclosing to clients they have the right to decide whether to engage the services of our affiliated Insurance agency. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place the client's interests first and have established policies in this regard to avoid any conflicts of interest.

BROKER DEALER

Certain IARs of PRISM are registered representatives of M.S. Howells & Co. ("MSH") a securities broker-dealer, and will be compensated for effecting securities transactions or providing advisory services. A portion of the time of PRISM and these IARs is spent in connection with broker/dealer activities.

As a broker-dealer, MSH engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by PRISM or its IARs, investments in securities may be recommended for clients. If MSH is selected as the broker-dealer, MSH and its registered representatives, including IARs of PRISM, may receive commissions for executing securities transactions. When IARs of PRISM receive commissions in connection with the advice given to advisory clients, PRISM may reduce a portion of its fees by the amount of the commissions earned by PRISM IARs. Clients that purchase any products resulting in commission to the registered representative will not be assessed an advisory fee on those products sold through the broker-dealer.

You are advised that if MSH is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you have the right to decide to purchase products through the broker dealer. If you do decide to purchase products, you have the right to choose from who you are going to buy products.

PRISM may provide advice regarding mutual fund securities. You should be aware that, in addition to the advisory fees you pay in connection with any PRISM program, each investment company also pays its own separate investment advisory fees and other expenses. Mutual funds also charge their own internal separate fees for investing in their fund. Such fees and expenses are disclosed in the mutual fund's prospectus. In addition, clients should be aware that mutual funds may be purchased separately, independent of the investment management services of PRISM and fees of PRISM.

Moreover, you should note that under the rules and regulations of FINRA, MSH has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require MSH to coordinate with, and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than MSH.

OTHER REGISTRATIONS

IARs of PRISM may also be associated persons of Highland Financial Group, Inc. ("Highland"), and assist you in choosing the most appropriate investment product(s) and the commodity trading advisor ("CTA") who can help you meet your financial goals. Highland has common ownership with PRISM. When our IARs conduct business through Highland, he/she may earn compensation based on the product(s) offered through Highland. This presents a material conflict of interest because your IAR will have an incentive to offer services through Highland that result in additional compensation. This compensation is separate and in addition to the fees you pay for the advisory services you receive from your IAR through PRISM. You have the right whether to decide to engage Highland for services and if you chose to engage Highland, you have the right to choose to purchase the recommended investment products through Highland or a different investment firm or professional.

DUALLY REGISTERED INVESTMENT ADVISORS REPRESENTATIVES ("IAR")

Some of our IARs are IARs of other Independent Registered Investment Advisers ("RIA"). These independent RIAs compensate the IARs for advisory services in addition to the services engaged with PRISM. These IARs are considered dually registered IARs.

OTHER AFFILIATIONS

Mr. Maaske, a minority owner of PRISM is also the sole owner of Pernix Capital, LLC ("Pernix"). Pernix is a boutique asset management firm specializing in managed futures research and offering Pernix managed futures funds. Pernix strives to achieve absolute returns with low relative volatility and low correlation to a traditional stock, bond, and real estate portfolio as well as other alternative investments. Pernix is registered with the Commodity Futures Trading Commission ("CFTC") as a Community Pool Operator and is a member of the National Futures Association ("NFA").

Clients should be aware that the ability to receive additional compensation by our Firm and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Our Firm endeavors at all times to put the interest of

its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives, and liquidity needs;
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Our Firm does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

Our firm nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

ITEM 11 - CODE OF ETHICS

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of PRISM, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm's ethical principles.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- A director, officer, or employee of PRISM shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of PRISM shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.

- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of PRISM
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client's account
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices
- Any supervised employee not in observance of the above may be subject to termination

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: Jeff Engelman, Chief Compliance Officer.

ITEM 12 - BROKERAGE PRACTICES

THE CUSTODIAN AND BROKERS WE USE

Investment Management Services

Clients must maintain assets in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. Advisor Services ("CS&Co"), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated, and unaffiliated with CS&Co. CS&Co will hold client assets in a brokerage account, and buy and sell securities when we instruct them to.

While we recommend that clients use CS&Co as Custodian, client must decide whether to do so and open accounts with CS&Co by entering into account agreements directly with them. The Client opens the accounts with CS&Co. The accounts will always be held in the name of the client and never in PRISM's name.

How We Select Custodians

We seek to recommend a custodian who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

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

- Prior service to PRISM and our other clients
- Availability of other products and services that benefit us, as discussed below (see Products and Services Available to Us from CS&Co)

Client Brokerage and Custody Costs

For our clients' accounts that CS&Co maintains, CS&Co generally does not charge separately for custody services. However, CS&Co receives compensation by charging ticket charges or other fees on trades that it executes or that settle into clients' CS&Co accounts. We have determined that having CS&Co execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Custodians).

Products and Services Available to Us from CS&Co

Schwab Advisor Services™ (formerly called Schwab Institutional®) is CS&Co's business serving independent investment advisory firms like us. They provide PRISM and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. CS&Co's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered soft dollar benefits because there is an incentive to do business with CS&Co. This creates a conflict of interest. We recognize the fiduciary responsibility to always act in best interest of our clients and have established policies in this regard to mitigate any conflicts of interest.

Following is a more detailed description of CS&Co's support services:

Services That Benefit Our Clients

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

Services That May Not Directly Benefit Our Clients

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

1. Provide access to client account data (such as duplicate trade confirmations and account statements)
2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
3. Provide pricing and other market data
4. Facilitate payment of our fees from our clients' accounts
5. Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

CS&Co also offers other services intended to help us manage and further develop our business enterprise.

These services include:

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

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

Our Interest in CS&Co's Services

The availability of these services from CS&Co benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to CS&Co in trading commissions. We believe that our recommendation of CS&Co as custodian is in the best interests of our clients.

Some of the products, services and other benefits provided by CS&Co benefit PRISM and may not benefit our client accounts. Our recommendation or requirement that you place assets in CS&Co's custody may be based in part on benefits CS&Co provides to us, or our agreement to maintain certain Assets Under Management at CS&Co, and not solely on the nature, cost or quality of custody and execution services provided by CS&Co.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. CS&Co's execution quality may be different than other custodians.

INSTITUTIONAL INTELLIGENT PORTFOLIOS® PLATFORM ("IIPP")

Client accounts enrolled in the automated investment program are maintained at, and receive the brokerage services of, CS&Co., a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the automated investment program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the automated investment program. CS&Co. may aggregate purchase and sale orders for ETFs across accounts enrolled in the automated investment program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the IIPP.

The availability of services from CS&Co. benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the automated investment program, as described above under Item 4 Advisory Business, we do not pay SPT fees for the IIPP so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are not enrolled in the automated investment program. In light of our arrangements with Schwab, we may have an incentive to

recommend] that our clients maintain their accounts with CS&Co. based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that our selection of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us. We have adopted policies and procedures designed to ensure that our recommendation of Schwab's services is appropriate for each of our clients.

AGGREGATION AND ALLOCATION OF TRANSACTIONS

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully-disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

BROKERAGE FOR CLIENT REFERRALS

Our Firm does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

TRADE ERRORS

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

DIRECTED BROKERAGE

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

ITEM 13 - REVIEW OF ACCOUNTS

ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES

Our Investment Adviser Representatives will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance, and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax, or financial status. Geopolitical and macroeconomic specific events may also trigger reviews. You are urged to notify us of any changes in your personal circumstances.

STATEMENTS AND REPORTS

Through an agreement with Black Diamond, PRISM will have the ability to provide clients with Performance/Position summary reports upon request. Reports may also be provided at every client meeting. Communication to clients will be done on an as needed basis with a minimum of 1 contact per calendar quarter.

The custodian for the individual client's account will also provide clients with an account statement at least monthly. You are urged to compare the reports and invoices provided by PRISM against the account statements you receive directly from your account custodian.

Those clients who are exclusively Financial Planning/Consulting clients (i.e. those who have no assets under management with us in our advisory program) will receive no regular reports from the Firm.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Our firm does not accept nor receive compensation for client referrals.

As referenced in Item 12 above, we may receive an indirect economic benefit from Charles Schwab without cost (and/or at a discount), and may receive support services and/or products from Schwab.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing-expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

ITEM 15 – CUSTODY

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

DEDUCTION OF ADVISORY FEES

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address, and the way the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from PRISM. When you have questions about your account statements, you should contact PRISM or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of advisor fees.

STANDING LETTERS OF AUTHORIZATION ("SLOA")

Our Firm does not allow for our clients to maintain standing authorizations with the custodian to move money from their account to a third-party which would authorize our Firm to designate the amount or timing of transfers with the custodian.

HIGH NET WORTH/MULTIGENERATIONAL FAMILY SERVICES

While My Accountant, Inc. allows firms like ours to assist in offering bill pay and personal bookkeeping services for clients, it does not give our Firm access to the bank account itself, nor to any of the client's credit card or bank account information therefore not triggering any Custody reporting for our Firm. These terms are outlined in our Agreement with My Accountant, Inc.

ITEM 16 – INVESTMENT DISCRETION

For discretionary accounts, prior to engaging PRISM to provide investment advisory services, you will enter a written Agreement with us granting the Firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable PRISM, in its sole

discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by PRISM for you are:

- For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
- Any limitations on this discretionary authority shall in writing as indicated on the investment advisory Agreement, Appendix B. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

ITEM 17 – VOTING YOUR SECURITIES

As agreed to and acknowledged in the Agreement, PRISM may vote proxies on your behalf.

As directed in the Agreement, our Firm would accept authority to vote proxies with respect to securities owned by you, the client. Our firm has adopted proxy voting policies and procedures with respect to securities owned by our clients for which we have been specifically delegated voting authority and discretion, in accordance with its fiduciary duties and Securities and Exchange Commission Rule 206(4)-6 under the Investment Advisers Act of 1940, which are reasonably designed to ensure that proxies are voted in the best interest of clients.

The guiding principle by which we review voting on all matters submitted to security holders is the maximization of the ultimate economic value of your holdings. We do not permit voting decisions to be influenced in any matter that is contrary to, or dilutive of, this guiding principle. It is the policy to avoid situations where there is any material conflict of interest or perceived conflict of interest affecting the voting decisions. Any perceived conflict of interest is reviewed by the Chief Compliance Officer and the proxy voting committee.

Our policy is to generally vote in accordance with respective security management's recommendations and instead evaluate a company or fund based upon ongoing due diligence efforts which include the following: Review of performance and activities, discussions with management or investment representatives, and final assessments, made by our Investment Committee. Should we become dissatisfied with the direction in which management is headed with regard to such issues as performance, changes in investment policy/ownership/management or increases in management fees, we can elect to eliminate the investment from its managed accounts or oppose specific items in a proxy proposal.

Through our Agreement, clients delegate to us the discretionary power to vote the securities held in their account pursuant to a written Agreement. We do not generally accept any subsequent directions on matters presented to shareholders for a vote, regardless of whether such subsequent directions are from the client itself or a third party. We view the delegation of discretionary voting authority as an "all-or-nothing" choice for our clients.

Upon request, we will provide separately to each client (i) a copy of our proxy voting policies and procedures and (ii) details as to how the Firm has voted securities in your account.

For those clients where we are not authorized to vote proxies, you are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular proxy solicitation by phone at 720-458-6841.

ITEM 18 – FINANCIAL INFORMATION

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.