



## Part 2A of Form ADV: Firm Brochure September 2020

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This Brochure provides information about the qualifications and business practices of Financial Insights, Inc. If you have any questions about the contents of this Brochure, please contact us at 253-627-6010 or [ali@financialinsights.com](mailto:ali@financialinsights.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Financial Insights, Inc. is also available on the SEC's website at <https://www.adviserinfo.sec.gov/Firm/108797>.

Please note that the use of the term "registered investment adviser" and description of Financial Insights, Inc., and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

In this Item of Financial Insights, Inc. (Financial Insights or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated March 28, 2019. Material changes relate to Financial Insight's policies, practices or conflicts of interests.

Since the last Annual Amendment filing, the Firm has the following material change to report:

- As of August 2020, Financial Insights, Inc., has moved its main office location to 1551 Broadway, Suite 600, Tacoma, WA 98402.
- Financial Insights, Inc. has changed their email addresses and website address to a .com address from their previous address link of .net.

Financial Insights' Form ADV may be requested at any time, without charge by contacting Alexandria A. Criss, Managing Partner and Chief Compliance Officer at 253-627-6010 or ali@financialinsights.com. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

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## Item 4: Advisory Business

Financial Insights is an SEC-registered investment advisor with its principal place of business located in Tacoma, Washington. Financial Insights began conducting business as a registered investment advisor in 1984. Dorothy A. Lewis is Financial Insights' founder/owner and Alexandria A. Criss is a shareholder.

### Description of the Types of Advisory Services We Offer

Financial Insights offers the following advisory services to our clients:

#### **Financial Planning and Retirement Planning Services:**

We offer advice in the form of comprehensive financial and retirement planning. Clients engaging us to provide this service will receive a written report, presenting the client with a detailed financial plan designed to assist him/her to achieve his/her stated financial goals and objectives.

In general, the financial and/or retirement plan will address any or all of the following areas of concern:

- ***Business:*** Assist business owner with exit planning, tax strategies and cash flow analysis.
- ***Charitable Gifting:*** Assist client with yearly gifting strategy.
- ***Death and Disability:*** Review of cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- ***Education:*** Review of education IRAs, financial aid, 529 plans, grants and general assistance in preparing to meet dependent's continuing educational needs through development of an education plan.
- ***Estate:*** Assistance in assessing and developing long-term strategies, including as appropriate, living trusts, wills, tax strategies, powers of attorney, asset protection plans, nursing homes, assisted living environments, elder law, while working closely with the estate planning attorney.
- ***Insurance:*** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, home and auto.
- ***Investments:*** Analysis of investment holdings including employer plans, stock options, and personal investment accounts in relation to stated goals. Client will be given risk areas showing broad recommendations on asset allocation driven by assessed risk tolerance, liquidity needs and timeline. We will not provide buy/sell instructions for assets not managed in house.
- ***Personal:*** Review of current and future financial/life goals, family records, cash flow, and net worth.
- ***Retirement:*** Analysis of current strategies and investment plans to help the client determine whether they are likely to achieve his or her retirement goals.
- ***Tax Analysis:*** Review of income tax to include planning for current and future years. Financial Insights will illustrate the impact of various investments on a client's current income tax and future tax liability as we work closely with the client's tax advisor.

We gather necessary information through in-depth personal interviews. Information gathered includes a client's current financial status, tax status, future goals, liquidity needs, return objectives and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client, followed by preparation of a written plan. Should a client choose to implement the recommendations contained in the plan, Financial Insights suggests that the client work closely with his/her attorney, accountant and insurance agent. Implementation of financial planning recommendations is entirely at the client's discretion.

Financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and our clients are not bound to follow our suggestions.

### **Wealth Management Services:**

We provide Wealth Management Services to clients based on the individual needs of each client. Through personal discussions in which the client's goals and objectives are established based on his/her particular circumstances, Financial Insights assesses a client's risk tolerance to guide the development and management of the client's portfolio. Financial Insights will manage accounts on a discretionary basis. Account supervision is guided by the stated objectives of the client, which are the following strategies: Very Conservative, Moderately Conservative, Conservative, Moderate, Moderately Aggressive, Aggressive, and Very Aggressive.

Depending on the investment objectives of the client and the terms of the engagement, Financial Insights will create a portfolio. The types of securities used to create the client's portfolio will generally consist of one or more of the following: individual equities, bonds, CD's, no-load or load-waived mutual funds or exchange-traded funds (ETFs) and other investment products. Financial Insights will allocate the client's assets among various investments, taking into consideration the overall management style selected by the client. Mutual funds, individual equities, municipal, and taxable bonds, and ETFs are selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; the fund's management fee structure and/or tax efficiency. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances.

Financial Insights may also provide advice with regard to certain investment products not maintained at their primary custodian, such as assets held in employer sponsored retirement plans and qualified tuition plans (529's). In these situations, Financial Insights directs or recommends the allocation of client assets within the various options available.

Financial Insights caters its advisory services in a manner consistent with the clients' risk tolerance, timeline, and liquidity needs. Financial Insights consults with clients on an ongoing basis and requests that clients notify the firm if there are changes in their financial situation.

### **Tailoring of Advisory Services**

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We offer individualized investment advice to clients utilizing our Wealth Management Services. Additionally, we offer general investment advice to clients utilizing our Financial and Retirement Planning Services.

Our firm does not usually allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. Exceptions will be made on a case-by-case basis.

### **Participation in Wrap Fee Programs**

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We do not participate in or recommend Wrap Fee Programs to clients.

## **Fiduciary Statement**

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Financial Insights and its employees are fiduciaries who must take into consideration the best interests of the Firm's clients. We will act with competence, honesty, dignity, integrity, transparency and in an ethical manner, when dealing with clients. We will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

As a fiduciary, we have the obligation to deal fairly with our clients. We have the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

## **Regulatory Assets Under Management**

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As of December 31, 2019, we actively manage \$426,188,937 in assets under management, all on a discretionary basis.

## **Item 5: Fees and Compensation**

### **How We Are Compensated for Our Advisory Services**

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#### **Financial and Retirement Planning:**

Wealth Management clients receive financial and retirement planning consulting services as a component of their ongoing services. For clients who are not Wealth Management clients, we charge on a blended hourly fee basis for financial and retirement planning consulting services. Our blended hourly fee is \$250 for professional consultation to include in person meetings with a CFP, \$150 for research and para-planner functions and \$50 for administrative costs. This hourly rate may be negotiable depending on the nature and complexity of each client's circumstances and financial planning projects. If appropriate, an estimate for total hours may be determined at the start of the advisory relationship. Financial Insights requires one half of the financial planning fee payable upon execution of the agreement and balance due upon completion. \$500 minimum financial planning fee.

Research and Associate Advisor Analysis and Estate Management Services are billed at \$150 per hour with a minimum charge of \$500.

We charge \$200 per account for opening a 529 Account.

General Administrative Services, tax cost basis and gain/loss calculation, data input, copying and scanning are billed at \$50 per hour, with a one-hour minimum charge.

Financial Insights will never hold advanced paid fees greater than \$1,200 for more than six months before such advanced payment has been earned.

### **Wealth Management Services:**

An annual wealth management fee for portfolios consisting of mutual funds, individual equities, ETF's, closed-end funds, REITs, municipal/corporate bonds, and certificates of deposits are charged on accounts as set forth in Financial Insight's Wealth Management Agreement. Financial Insights will offer a flat non-profit discount rate of 0.50% for Simple IRAs, 403b plans and endowments. The fee schedule is as follows:

<b>Assets Under Management</b>	<b>Annual Wealth Management Fee</b>
First \$1,000,000	1.00%
Next \$4,000,000	0.75%
Over \$5,000,000	0.50%

Our firm's annualized fees are billed in advance based on the value of your account on the last day of the previous quarter. Fees may vary based upon the complexity of a client's situation and the level of service given to each client. In certain circumstances, all fees may be negotiable. Some accounts may be charged administrative fees only. A lower fee may be charged for a fixed income and/or cash portfolio. Clients should note that similar advisory services may or may not be available from other registered investment advisors for similar or lower fees.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Wealth management fees are calculated based on an annual rate and paid in quarterly increments in advance. The initial quarterly fee is prorated based on the number of days in the calendar quarter after inception of the account, as specified in the terms of the Wealth Management Agreement. Subsequent quarterly fees are also prorated based on the actual number of days in the calendar quarter versus the number of days in a full year. To calculate the quarterly fee, the aggregate dollar amount of the client's account(s) based on the quarter ending values on the last business day of the months of March, June, September and December is multiplied by the Annual Wealth Management Fee (listed above) then by the number of days in the quarter and the result is divided by 365 (the number of days in a year).

For purposes of determining fees, accounts that meet the criteria for related accounts will be aggregated to determine if a lower fee will apply. Related accounts will be combined for fee purposes so that each account will pay a fee, which is calculated on the basis of the total of all aggregated accounts. Related accounts are accounts of an individual, his/her spouse and their children, including trusts. Furthermore, accounts of the same corporation or business entity are normally deemed as related and will therefore typically be aggregated. For example, if ABC Manufacturing has both a profit-sharing plan and a pension plan, these two accounts will be considered related accounts and will be aggregated for purposes of determining the Annual Wealth Management Fee.

No fee will be credited to the client for the current calendar quarter should any withdrawals from the Investment Account occur in the same calendar quarter. Client may terminate the services of Financial Insights upon written notification and will be entitled to a prorated credit against the previously paid Wealth Management Fee, based on the number of calendar days remaining after the service was no longer

in effect in the final quarter. Fees will be debited from the account in accordance with the client authorization in the Wealth Management Agreement by the custodian(s).

Because mutual funds and ETFs pay advisory fees to their managers and such fees are therefore indirectly charged to all holders of mutual fund shares, clients with mutual funds in their portfolios are effectively paying both the applicant and their mutual fund manager for the management of their assets. Certain mutual funds, in which clients may invest, distribute payments to broker-dealers or custodians. Such payments may be distributed pursuant to a 12b-1 distribution plan or other such plan as compensation for administrative services and are distributed from the fund's total assets. Neither Financial Insights nor any of its officers and employees will receive, nor may they legally receive, any such payments.

Custodians of client's assets may receive expense reimbursements from some mutual fund companies in an amount equal to the 12b-1 fees. Receipt of this revenue may directly offset some of the custodial and transaction costs that otherwise could have been charged to Financial Insights or the client's. Any such relief from the payment of custodial and transaction charges by Financial Insights will not result in a credit to client.

As previously noted, Financial Insights will never hold advanced paid fees greater than \$1,200 for more than six months before such advanced payment has been earned.

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

All fees paid to Financial Insights for wealth management services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without the services of Financial Insights. In that case, the client would not receive the services provided by Financial Insights, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Financial Insights. to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Financial Insights, in determining the amount of the fee it would charge the client, will factor in the indirect benefit of the custodian's receipt of this revenue. Such payments are made from the assets of the mutual funds and, therefore, reduce overall fund performance. Financial Insights uses such investments in client's portfolios where it reasonably believes the overall performance of the fund, after accounting for such charges, merits inclusion.

In addition to Financial Insights' advisory fees for wealth management services, clients are responsible for the fees and expenses charged or imposed by custodians or imposed by third party service providers, broker-dealers, including, but not limited to, any spreads, transaction charges, commissions, transfer or processing fees and revenue sharing fees regardless of whether Financial Insights or an independent investment manager effects transactions for the client's account(s).

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## **Termination and Refunds**



We charge our advisory fees quarterly in advance. Either party, for any reason upon 30 days written notice, may cancel a client agreement at any time. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **Fees and Expenses (Mutual Funds Share Class Selection)**

Funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based wealth management program. Institutional share classes usually have a lower expense ratio than other share classes.

The appropriateness of a particular fund share class selection is dependent upon a range of different considerations, including but not limited to: the asset-based advisory fee that is charged, whether transaction charges are applied to the purchase or sale of funds, operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the fund sponsors and the Firm's ability to access particular share classes through the custodian), share class eligibility requirements; and the availability of revenue sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

Financial Insights does not charge performance-based fees to any client.

Financial Insights will not be compensated on the basis of a share of capital gains or capital appreciation of any account's investments other than as such capital gains and appreciation increase the value of the account on which Financial Insights' fee is calculated each quarter.

## **Item 7: Types of Clients and Account Requirements**

Financial Insights provides advisory services to the following types of clients: individuals, including high net worth individuals, employee benefit plans, trusts, estates, and charitable organizations.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$250,000 for our Wealth Management Services. Generally, this minimum account balance requirement is negotiable.

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

### **Methods of Analysis**

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and

management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF 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 also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. In addition, we monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable for the client's portfolio.

***Legacy Holdings.*** Investment advice may be offered on any investments held by a client at the start of the advisory relationship. In general, depending on tax considerations and client sentiment, these investments may be sold over time and the assets invested in the appropriate Financial Insights investment strategy. As with any investment decision, there is the risk that Financial Insights' timing with respect to the sale and reinvestment of these assets will be less than ideal or even result in a short term or long-term loss to the client.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the funds or companies whose securities we purchase and sell, the rating agencies that review these securities, 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.

## **Investment Strategies**

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We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, liquidity needs and time horizons, among other considerations:

***Asset Allocation.*** In implementing our clients' investment strategy, we begin by attempting to identify an appropriate ratio of equities, fixed income, and cash (i.e. "asset allocation") suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals. We attempt to closely monitor our asset allocation models and make changes periodically to keep in line with the target risk tolerance model.

***Long-term/Short-term purchases.*** We purchase securities and generally hold them in the client's account

for a year or longer. Short-term purchases may be employed as appropriate when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Risks applicable to all strategies. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase, and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss.

Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. Clients should be prepared to bear the following investment risks of loss:

- **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.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, 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 (i.e. Non-traded REITs and other alternative investments) 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.

It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

#### **Item 9: Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither our firm nor our management personnel have any reportable disciplinary events to disclose.

#### **Item 10: Other Financial Industry Activities and Affiliations**

Financial Insights is not registered and does not have an application pending as a securities broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor.

None of our employees are Registered Representatives of a broker-dealer.

Financial Insights endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor; we take the following steps to address this conflict:

- We disclose to clients the existence of any material conflicts of interest;
- We disclose to clients that they are not obligated to purchase recommended investment products by our employees or affiliated companies;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our firm's management conducts regular reviews of each client's account (s) to verify that all recommendations made to a client are suitable to 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 any outside employment activities to verify that any conflicts of interest continue to be properly addressed by our 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.

We do not recommend or select other investment advisors for our clients.

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

Our firm has adopted a Code of Ethics, which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Financial Insights claims compliance with the CFA Institute's Code of Ethics and Standards of Professional Conduct. This claim has not been verified by the CFA Institute. More information can be provided upon request.

Financial Insights also claims compliance with the CFP Board's Code of Ethics and Standards of Professional Conduct. This claim has not been verified by the CFP Board of Standards. More information can be provided

upon request.

Financial Insights and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holding reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Financial Insights' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [ali@financialinsights.com](mailto:ali@financialinsights.com), or by calling us at 253-627-6010.

Financial Insights and individuals associated with our firm are prohibited from engaging in principal or agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal account's securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security (ies) which may also be recommended to a client.

As these situations present potential conflicts of interest, we have established the following restrictions in order to ensure its fiduciary responsibilities:

- No principal or employee of Financial Insights may put his or her own interest above the interest of an advisory client.
- No director, officer or employee of Financial Insights shall buy or sell securities for their personal portfolio(s) when 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 person of Financial Insights shall prefer his or her own interest to that of the advisory client.
- Financial Insights has established procedures for the maintenance of all required books and records.
- Clients can decline to implement any advice rendered, except in situations where Financial Insights is granted discretionary authority and has not received prior written instructions from the client.
- Financial Insights maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the investment team.
- Financial Insights requires delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- Financial Insights has established policies requiring the reporting of Code of Ethics violations to our senior management.

- Financial Insights emphasizes the unrestricted right of the client to decline to implement any advice rendered.
- Financial Insights requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered wealth management practices.
- Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

## Item 12: Brokerage Practices

### **Research and Other Soft Dollar Benefits**

We do not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Other Economic Benefits”.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker/dealers.

### **Brokerage Practices/Best Execution**

While the term Best Execution typically defines the investment advisor as having a fiduciary duty to execute “securities transactions for clients in such a manner that the clients’ total cost or proceeds in each transaction is the most favorable under the circumstances,” Financial Insights has disclosed to its clients that we will not research all other custodians and may not always have the best execution for individual securities. Best execution does not always mean the best price. Although this is considered, Financial Insights has reviewed and considered the full range and quality of the services of the custodian of its client accounts. For clients seeking a recommendation for brokerage or custodial services, Financial Insights may suggest the use of one or more custodians/broker-dealers, which have been evaluated by the firm. Due to its ability to meet the criteria established by Financial Insights, Inc., as set forth below, and depending on client circumstances and needs, we most typically recommend the use of Raymond James Financial Services, a FINRA member broker-dealer unaffiliated with Financial Insights, Inc. (hereinafter “Raymond James”).

Raymond James monitors execution prices that are provided to clients from the trading desk by performing several daily, weekly, and monthly quality of execution reviews. Raymond James is able to perform in-depth execution quality reviews as a result of numerous system enhancements that Raymond James has made in the last several years. As part of Raymond James’ commitment to provide timely, efficient, and superior pricing to client order flow, Raymond James utilizes advanced technology from order handling and execution system vendors. Please note that best execution practices may be different in the event of severe market turbulence, or internal or external system failures.

The criteria considered by Financial Insights when making custodian/broker recommendations are the broker’s ability to provide professional services, Financial Insights’ experience with the broker, the broker’s reputation, the broker’s quality of execution services and costs of such services, among other factors. Clients should note that Financial Insights might receive certain benefits or conveniences from Raymond James that it would not receive if it did not offer investment advice to clients. Clients are not under any obligation to direct the use of any recommended broker. Clients are free to select the custodian/broker-dealer of his or her choice, however, Financial Insights reserves the right to decline acceptance of any client account if Financial Insights believes that the directed custodian/broker would hinder Financial Insights’ fiduciary duty to the client and/or its ability to service the account. Not all advisors require clients to direct the use of a particular broker.

## **Other Economic Benefits**

Raymond James Financial Services may also provide general access to research and perhaps discounts on research products. Any research received is used for the benefit of all clients. From time to time, Raymond James may offer our employees the ability to attend industry-related conferences or other benefits; however, we do not believe that such incentives impair our independence.

We may have the opportunity to receive traditional “non-cash benefits” from Raymond James Financial Services, such as customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk servicing Raymond James Financial Services advisors exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have wealth management fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of industry communications; and perhaps discounts on business-related products.

Pursuant to advice provided by Financial Insights, we may receive research services from brokers paid for by 12b-1 fees received by the brokers from funds in which client accounts have been invested. This arrangement creates a conflict of interest, which has the potential to influence recommendations made to clients regarding which mutual funds would be most appropriate for the client’s portfolio.

## **Trade Aggregation**

When block trading, we trade an aggregate block of securities composed of assets from multiple client accounts. Depending on the security traded, failure to aggregate a trade may result in clients paying a different price for the same security on the same or a different trading day.

Financial Insights will only be able to block trade for client accounts who direct the use of the same broker.

Financial Insights’ block trading policy and procedures are as follows:

- Financial Insights’ policies for the aggregation of transactions shall be fully disclosed in this Form ADV;
- Financial Insights will not aggregate transactions unless it believes that aggregation is consistent with our fiduciary duty to our clients and is consistent with the terms of Financial Insights’ Wealth Management agreement with each client for which trades are being aggregated.
- 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 Financial Insights’ transactions in a given security on a given business day. Depending on the client’s agreement with the custodian/broker, transaction costs will be based on the number of shares traded for each client.
- Transactions for each client generally will be effected independently unless Financial Insights decides to purchase or sell the same securities for several clients at approximately the same time. Financial Insights may (but is not obligated to) combine or “batch” such orders to obtain best execution, or to allocate equitably among Financial Insights’ client differences in prices and commissions or other transaction costs that might have been obtained had such orders have been placed independently. In this situation, transactions will generally be averaged as to price and

allocated among Financial Insights clients *pro rata* to the purchase and sale orders placed for each client on any given day.

- To the extent that Financial Insights determines to aggregate client orders for the purchase or sale of securities, Financial Insights generally does so in accordance with applicable rules and regulations. Financial Insights does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Financial Insights determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made upon other relevant factors.
- Before entering an aggregated order, Financial Insights will prepare a written allocation statement specifying the participating client accounts and how it intends to allocate the order among those clients;
- 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, orders for each account will be filled based upon random number generation.
- 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 different allocation is explained in writing and is approved by Financial Insights' compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed;
- Financial Insights' books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account;
- Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement;
- Financial Insights will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
- Individual advice and treatment will be accorded to each advisory client and no client or account will be favored over another.

### Item 13: Review of Accounts

**Wealth Management Services** Primary reviewers of accounts are Alexandria A. Criss, Managing Partner and Chief Compliance Officer, Dorothy A. Lewis, President and Chief Executive Officer, Daniel J. McCaffrey, Associate Portfolio Manager, Brian A. Babbitt, Investment Portfolio Manager, Michael W. Dunbar, Principal; John J. Walsh, Wealth Advisor, Ernest Luoma, Wealth Advisor, Amanda Burrows, Wealth Advisor and Rhys Cooper, Wealth Advisor; however, all staff members are typically part of the review process.

REVIEWS: The underlying securities within these accounts are continuously monitored; accounts are reviewed regularly, based on client needs. Accounts are reviewed in the context of each client's stated



investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

**REPORTS:** In addition to at least monthly custodial statements, Financial Insights will provide clients with Performance Reporting and Asset Management Reports upon request and during annual reviews.

Financial Planning clients will receive a complete, written financial plan. Additional reports will be determined by the client and Financial Insights

#### **Item 14: Client Referrals and Other Compensation**

We do not compensate any third party for client referrals.

#### **Item 15: Custody**

Clients may authorize the custodian (via the agreement signed with Financial Insights) to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian (custodian). Client investment assets will be held with a custodian agreed upon by the client and Financial Insights. The custodian is advised in writing of the limitation of Financial Insights' access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Financial Insight.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

#### **Item 16: Investment Discretion**

We provide our Wealth Management Services on a discretionary basis, which means that we will place trades in a client's account, as we deem appropriate based on the information previously gathered with or without contacting the client prior to each trade to obtain the client's permission.

Under these circumstances, our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary investment management agreement with our firm and may reasonably limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Clients electing not to grant us discretionary authority over their account may not be aggregated with other clients' trades due to the time involved in obtaining the client's approval for each trade.

### Item 17: Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide Wealth Management Services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client, along with copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

**Other Corporate Matters:** We will advise and/or act on behalf of the client in legal proceedings involving companies whose securities are held in the clients account(s), including, but not limited to, the filing of Proofs of Claim in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

### Item 18: Financial Information

Financial Insights has no adverse financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. Financial Insights has not been the subject of a bankruptcy petition at any time during the past ten years.

In 2020, in the wake of the COVID-19 pandemic, we elected to participate in the Small Business Administration's PPP Loan Program under the Federal CARES Act. The SEC requires us to disclose this information. Our intention for participation in the PPP Loan Program was solely to ensure that we would be able to keep our current staff employed and continue to be able to fund payroll costs and related employee benefits. The amount of the loan was approximately equal to 2.5 times our average monthly payroll.

Our ability to meet contractual obligations to our clients has not been affected by the pandemic.