



**Hapanowicz & Associates Financial Services, Inc.  
Wrap Fee Program Brochure  
(Form ADV Part 2A Appendix 1)  
September 2020**

This wrap fee program brochure provides information about the qualifications and business practices of Hapanowicz & Associates Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at (412) 261-5966 or [reh@hapanowicz-associates.com](mailto:reh@hapanowicz-associates.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Registration does not imply a certain level of skill or training.

Additional information about our investment advisory business is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



**Hapanowicz & Associates Financial Services, Inc.**

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## Item 2 – Material Changes

The following material changes have occurred since filing our last annual amendment to our wrap fee program brochure in March 2020:

- We have made an amendment to the disclosure in ***Item 9 – Additional Information, Client Referrals and Other Compensation*** to more clearly reflect the activities of the firm. Please see ***Item 9 – Additional Information*** for further details.

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#### Item 4 – Services, Fees and Compensation

We provide discretionary asset management advisory services wherein we provide you with continuous and on-going supervision over your accounts. We will first have conversations with you to gain a complete understanding of your financial objectives, time frame, risk tolerance, cash flow needs and any special circumstances. We will then help you select an investment objective, which will guide us in managing your account. We will then construct your diversified portfolio using a variety of investment vehicles typically including, but not limited to, institutional no-load and load-waived open end mutual funds, exchange traded funds and individual equities.

Asset management services are provided via LPL Financial's SWM (Strategic Wealth Management) program. Through this service, our firm offers a customized and individualized investment program for clients. A specific asset allocation strategy is crafted to focus on your goals and objectives. You will be required to complete a Confidential Profile & Questionnaire in order to help define the risk tolerance and investment objective of the client.

Hapanowicz and Associates Strategic Wealth Investment Management accounts (**H&A SWIM**) are established at LPL Financial (referred to as "LPL Financial" or "LPL" throughout) in its capacity as a registered broker/dealer, member Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC). Clearing, custody and other brokerage services are provided by LPL Financial for accounts established through the **H&A SWIM**. Therefore, you may be required to establish a brokerage account(s) through LPL Financial's SWM platform. Separate accounts are maintained for each client. Each client retains all rights of ownership of their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Within **H&A SWIM** accounts, clients authorize Hapanowicz & Associates to purchase and sell on a discretionary basis portfolios consisting of securities and investments. Hapanowicz & Associates may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account.

Prior to engaging Hapanowicz & Associates to provide investment management services, you will be required to enter into a formal investment advisory agreement with Hapanowicz & Associates setting forth the terms and conditions, including the amount of investment advisory fees, under which Hapanowicz & Associates shall manage your assets, and a separate custodial/clearing agreement with LPL Financial.

The annual investment advisory fee charged shall vary up to 2.5% of the assets held in the account and is determined by the market value of the account, asset types, your financial situation and trading activity, and is negotiable. The annual fee shall be divided and payable quarterly in advance through a direct debit in your account. LPL Financial is responsible for calculating and debiting all fees from client accounts. You must provide LPL Financial written authorization to debit advisory fees from your accounts and pay such fees to Hapanowicz & Associates. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter.

You may open a **H&A SWIM1** or **H&A SWIM2** account. In a **H&A SWIM1** account, in addition to the investment advisory fee, you will pay certain transaction charges to defray the costs associated with trade execution. These costs are set out in the LPL Strategic Wealth Management platform brokerage account and application agreement. In the **H&A SWIM2** account, you do not pay transaction charges associated with trade execution. However, the total advisory fee charged by the firm for **H&A SWIM2** accounts is

higher than the advisory fee charged for **H&A SWIM1** accounts. Higher fees for **SWIM2** accounts are charged by Hapanowicz & Associates to help absorb the transaction costs.

**H&A SWIM1 / SWIM2** accounts may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, the client is charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, you should consider opening a brokerage account rather than a **H&A SWIM1** or **SWIM2** account.

You may incur certain charges imposed by third parties other than Hapanowicz & Associates in connection with investments made through the account, including but not limited to, 12b-1 fees and surrender charges and IRA and qualified retirement plan fees. Management fees charged by Hapanowicz & Associates (which include transaction and execution fees charged by LPL Financial for **H&A SWIM2** accounts) are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. Hapanowicz & Associates and our investment advisor representatives **will not** receive any portion of the commissions charged to the client. However, such commissions will be retained by LPL Financial. These commissions may include 12b-1 fees, surrender charges, and IRA and qualified retirement plan fees.

The compensation of our advisor representatives may be tied to the overall performance of the firm's advisory business. As a result, the compensation to our advisor representatives may be greater if you participate in our wrap fee program versus what the representatives would receive if you participated in a brokerage or other program. Our advisor representatives may therefore have an incentive to recommend our wrap fee program over other programs offered by our firm.

## **Item 5 – Account Requirements and Types of Clients**

Hapanowicz & Associates Financial Services, Inc. generally provides investment advice to the following types of clients:

- Individuals
- Pension and profit sharing plans
- Trusts, family partnerships, estates and charitable organizations
- Corporations and business entities other than those listed above

Hapanowicz & Associates Financial Services, Inc. recommends a minimum investment amount of \$1,000,000 for establishing and maintaining a **H&A SWIM** Account. Under certain circumstances, accounts below \$1,000,000 will be considered and may be accepted at the sole discretion of Hapanowicz & Associates Inc.

## **Item 6 – Portfolio Manager Selection and Evaluation**

The investment advisor representatives of Hapanowicz & Associates serve as portfolio managers within our wrap fee program. Outside portfolio managers are not utilized within our wrap fee program.

We employ standards commonly used within the investment industry to evaluate portfolio manager performance. The most common standard we use is performance versus the indices that are relevant to the given portfolio.

Portfolio performance is reviewed weekly by our Investment Committee, on which sits one Accredited Investment Fiduciary (AIF®), three Certified Financial Planners (CFP®), and a Chartered Financial Analyst (CFA®). The reviews are conducted at both the security and portfolio level and focus on absolute performance and performance versus the relevant benchmark(s).

There are no related persons who serve as portfolio managers within our wrap fee program.

### **General Description of Primary Advisory Services**

**Financial Planning Services** – We provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focus on a client's overall financial situation. We provide financial analysis and financial planning services consistent with your current financial and tax status, financial goals, investment attitudes and risk/reward parameters.

Financial planning can be described as helping individuals determine and set their long-term financial goals through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** – We provide discretionary asset management advisory services wherein we provide clients with continuous and on-going supervision over their accounts. We will first have conversations with you to gain a complete understanding of your financial objectives, time frame, risk tolerance, cash flow needs and any special circumstances. We will then help you select an investment objective, which will guide us in managing your account. We will then construct your diversified portfolio using a variety of investment vehicles typically including, but not limited to, institutional no-load and load-waived open end mutual funds, exchange traded funds and individual equities.

**Hapanowicz and Associates Strategic Wealth Investment Management (H&A SWIM)** -- Asset management services are provided via LPL Financial's SWM (Strategic Wealth Management) platform. Through this service, our firm offers a customized and individualized investment program for clients. A specific asset allocation strategy is crafted to focus on the specific client's goals and objectives. Clients will be required to complete a Confidential Profile & Questionnaire in order to help define the risk tolerance and investment objective of the client.

**H&A SWIM** accounts are established at LPL Financial (referred to as "LPL Financial" or "LPL" throughout) in its capacity as a registered broker/dealer, member Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC). Clearing, custody and other brokerage services are provided by LPL Financial for accounts established through the SWM. Therefore, clients may be required to establish a brokerage account(s) through LPL Financial's SWM platform. Separate accounts are maintained for each client. Each client retains all rights of ownership of their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Within **H&A SWIM** accounts, clients authorize Hapanowicz & Associates to purchase and sell on a discretionary basis portfolios consisting of securities and investments. Hapanowicz & Associates may

limit its discretion with respect to the client account and the securities eligible to be purchased for the client account.

Prior to engaging Hapanowicz & Associates to provide investment management services, the client will be required to enter into a formal investment advisory agreement with Hapanowicz & Associates setting forth the terms and conditions, including the amount of investment advisory fees, under which Hapanowicz & Associates shall manage the client's assets, and a separate custodial/clearing agreement with LPL Financial.

**Retirement Plan Management and Consulting Services** - H&A offers retirement plan management and consulting services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan consulting services may include, but are not limited to, the following services:

#### Fiduciary Consulting Services

H&A provides the following Fiduciary Retirement Plan Consulting Services:

- Qualified Plan Development. H&A will assist you with the establishment of a qualified plan by working with you and a selected Third Party Administrator. If you have not already selected a Third Party Administrator, we shall assist you with the review and selection of a Third Party Administrator for the Plan.
- Investment Policy Statement. H&A will help you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the Plan. You will have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Investment Selection Services. H&A will provide you with recommendations for investment options within your plan.
- Due Diligence Review. Upon request, H&A will provide you with periodic due diligence reviews of the Plan, the Plan's fees and expenses, and the Plan's portfolio managers.
- Investment Monitoring. H&A will assist in monitoring investment options, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and H&A will make recommendations to maintain or remove and replace investment options.
- Participant Advice. Upon request, H&A will provide one-on-one advice to Plan participants.
- Fiduciary File Set-up. H&A will help you establish a "fiduciary file" for the Plan which contains trust documents, custodial/brokerage statements, services agreements with investment management vendors, the investment policy statement, investment committee minutes, asset allocation/asset liability studies, due diligence fields on funds/money managers and monitoring procedures for funds and/or money managers.

#### Non-Fiduciary Services

H&A provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Participant Educational Presentations. H&A will provide educational presentations for Plan participants. Presentations to Plan participants are informational in nature and intended to provide an overview of the Plan and the Plan's investment selections. Educational presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon.
- Participant Enrollment. H&A will assist you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.

The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Consulting Agreement.

In the event a client contracts with H&A to provide one-on-one consulting services to plan participants, such services are consultative in nature and do not involve H&A implementing recommendations in individual participant accounts. It will be the responsibility of each participant to implement changes in the participant's individual accounts.

We may also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections. For clients with self-directed 401K Plan Accounts all recommendations of investment options and portfolios will be submitted to the client for the client's ultimate approval or rejection. Therefore, it is always the client's responsibility to accept investment recommendations of H&A and then physically make changes to the client's account.

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

We offer services through the Hapanowicz and Associates Strategic Wealth Investment Management (**H&A SWIM2**), which is a wrap-fee program. A wrap fee program is defined as an advisory program under which fees are charged for investment advisory services and the execution of client transactions, rather than based directly upon transactions in a client's account. Whenever a fee is charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

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

Hapanowicz & Associates Financial Services, Inc. does not charge or accept performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets held within a client's account).

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

Hapanowicz & Associates Financial Services, Inc. evaluates the potential benefits and risks inherent within investment categories. Investment characteristics are then matched to the client's needs and preferences to determine an appropriate mix of investment vehicles. Investments and mutual funds within a particular investment category are selected. Analysis is focused on risk parameters that relate to the risk tolerance of each individual client. We look at volatility of portfolios, relative historic performance, and consistency over multiple market cycles.

Hapanowicz & Associates may use the following methods of analysis in formulating investment advice:



**Charting** - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

**Hapanowicz & Associates Financial Services, Inc. uses the following investment strategies when managing client assets and/or providing investment advice.**

Investment strategies are designed to satisfy a hierarchy of client goals and objectives. First, a client's needs of short term cash flow and liquidity are considered. Appropriate investment vehicles and a cash reserve are recommended. Second, long term growth needs combined with needs for continuing liquidity are examined. Investments are selected which appear attractive for long term growth and are readily convertible to cash should circumstances warrant. Once these first two needs are satisfied, emphasis is placed on long-term investments which may or may not be liquid and which may provide tax reduction benefits.

Model mutual fund asset allocation portfolio programs, provided by a number of institutional investment managers and strategist, may be used when managing client assets.

The following are some of the general strategies that may be used when managing accounts.

- ✓ **Long term purchases.** Investments held at least a year.
- ✓ **Short term purchases.** Investments sold within a year.

**Tactical asset allocation.** Allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

**Strategic asset allocation.** Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Hapanowicz & Associates’ primary strategy is a blend of strategic and tactical. Some of the risks involved with using this method include short term volatility to achieve longer term goals.

Hapanowicz & Associates’ primary strategy may involve the frequent trading of securities. The frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

Clients should understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

### **Voting Client Securities**

Clients are given the option to vote proxies themselves or have Hapanowicz & Associates vote proxies on their behalf. If granted this authority, we will act in the best interest of shareholders when voting proxies.

With respect to assets managed by a third-party money manager, we will not vote the proxies associated with these assets. Please refer to each third-party money manager’s disclosure brochure to determine whether the third-party money manager will vote proxies on your behalf. You may request a complete copy of third-party money manager’s proxy voting policies and procedures as well as information on how your proxies were voted by contacting the third-party money manager or by contacting Hapanowicz & Associates at the address or phone number indicated on Page 1 of this disclosure document.

## **Item 7 – Client Information Provided to Portfolio Managers**

The investment advisor representatives of Hapanowicz & Associates are the portfolio managers for our wrap fee program. We constantly seek updated information from our clients regarding life circumstances, income level, risk tolerance, etc. As this information is collected and recorded, it becomes immediately available to the portfolio managers within the wrap fee program.

## **Item 8 - Client Contact with Portfolio Managers**

Hapanowicz & Associates places no restrictions on the ability of clients to contact the wrap fee program portfolio managers. The portfolio managers are generally available during regular business hours any day the New York Stock Exchange is open, or by appointment during non-business hours.

## **Item 9 - Additional Information**

### **Disciplinary Information**

We have no legal or disciplinary events to report that would be material to your evaluation of our business or the integrity of our management.

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

Hapanowicz & Associates is an independent investment advisory firm and only provides investment advisory services. The firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

While Hapanowicz & Associates does not sell products or services other than investment advice, our investment advisor representatives may sell other products or provide services outside of their role with Hapanowicz & Associates. Our investment advisor representatives concentrate the majority of their efforts toward sales of investments and investment advisory services.

### **Arrangement with LPL Financial**

At your discretion, you may engage the investment advisor representatives of H&A in their separate capacities as registered representatives of LPL, to render securities brokerage services under a commission arrangement. Brokerage commissions may be charged by LPL to effect these securities transactions and, thereafter, a portion of these commissions will be paid by LPL to such investment advisor representatives as registered representatives of LPL. Prior to effecting any transactions, the client will be required to enter into a new account agreement with LPL. The brokerage commissions charged by LPL may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

Depending on the type of LPL account that could be used to implement a financial plan or investment strategy, such compensation may include (but is not limited to) advisory program fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with LPL's insured deposit account program; administrative services fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by LPL to the Investment Adviser Representative (IAR). H&A and our investment advisor representatives **will not** receive any portion of the 12b-1 fees or other commissions charged to the client on assets held in investment advisory accounts.

This compensation to IAR and LPL may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or services.

The investment advisor representatives of Hapanowicz & Associates acting in their separate capacities as Registered Representatives of LPL Financial, LLC may recommend securities or insurance products offered by LPL (or other insurance firms), and will receive the normal commissions if products are purchased through them; thus a conflict of interest exists between their interests and those of Hapanowicz & Associates' clients. Clients are under no obligation to purchase products recommended by investment advisor representatives or to purchase products either through Hapanowicz & Associates or LPL.

As a result of the LPL relationship, LPL will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about Hapanowicz & Associates' clients, even if the client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Hapanowicz & Associates.

### **Insurance Sales Activities**

Some investment advisor representatives are licensed to provide insurance services to clients. Insurance products are provided to clients for personal, estate and business need to minimize clients' exposure to identified risks. Although clients are under no obligation to purchase insurance products recommended by investment advisor representative in their separate capacities and insurance agents, clients often purchase such products when needs arise. When clients of Hapanowicz & Associates purchase products generating commissions, these are paid to the investment advisor representatives in their separate capacities as insurance agents.

You are never obligated or required to purchase insurance products through one of our advisor representatives licensed as insurance agents. However, when acting as an insurance agent, our advisor representatives can help you purchase insurance products and will receive separate compensation (i.e. insurance commissions) in addition to investment advisory fees charged by Hapanowicz & Associates. Clients that choose to purchase insurance products through one of our advisor representatives should be aware they will generally only recommend insurance products of those companies for whom they are sales agents and with which they are familiar with the benefits, exclusions and other terms. All fees paid to Hapanowicz & Associates Financial Services for services are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to Hapanowicz & Associates Financial Services and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

Because our advisor representatives will receive commissions for selling insurance products, there is a conflict of interest in that they may recommend policies to clients that do not require or need insurance. To control for this conflict of interest and to be consistent with our firm's fiduciary duty, our advisor representatives strive to recommend insurance products only to those clients who need new or additional insurance coverage.

### **Code of Ethics**

We have established a Code of Ethics which all supervised persons must read and then execute an acknowledgment agreeing that they understand and agree to comply with its terms. Our fiduciary duty to clients is considered the core underlying principle for the Code of Ethics and represents the expected basis for all supervised persons dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of our own investment interests.

All supervised persons will conduct business in an honest, ethical and fair manner. All supervised persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and conflicts of interest will be provided to clients prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients.

### **Affiliate and Employee Personal Securities Transactions**

We may buy or sell investments or have an interest or position in an investment for our personal accounts which are also recommended to clients. As these situations may represent a conflict of interest, we have implemented the following policies.

- Associated persons cannot prefer their own interests to that of advisory clients.
- No person employed by our firm may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account.
- Associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment, unless the information is also available to the investing public upon reasonable inquiry.
- Investments we recommend to clients generally include mutual funds, ETFs, and other investments that are publicly traded and widely available therefore limiting the risk for manipulation.

### **Review of Accounts**

Asset Management Services accounts will be reviewed upon entering into an investment advisory agreement to perform review services and at least annually thereafter. Such services are separate from and in addition to other investment advisory agreements between Hapanowicz & Associates Financial Services, Inc. and the client. Reviewers include one or more members of our investment committee.

You will receive monthly statements from the account custodian or clearing firm, if your account(s) have activity during the month. If the account does not have any monthly activity, an account statement is provided by the account custodian or clearing firm at least quarterly. Such statements will show any activity in the account, as well as period ending position balances. You will also receive a confirmation from the custodian or clearing firm of each purchase and sale transaction that occurs within **H&A SWIM** accounts.

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

Upon client request, H&A may provide one or more professional referrals (i.e. attorneys, CPAs etc.). Referrals will be carefully considered to align with each client's needs and objectives. H&A will not receive

any direct compensation for making referrals to other financial professionals however the unaffiliated professionals may refer potential investment advisory clients to H&A.

We may from time to time 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 client appreciation events, 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. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

### **Financial Information**

Hapanowicz & Associates Financial Services, Inc. is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, nor have we been the subject of a bankruptcy petition at any time.