

# **HUNGERFORD FINANCIAL, LLC**

## **FIRM BROCHURE (ADV PART 2A)**

**APRIL 22, 2021**

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This brochure provides information about the qualifications and business practices of Hungerford Financial, LLC. If you have any questions about the contents of this brochure, please contact Thomas Price at (616) 551-5452. 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.

Hungerford Financial, LLC is a registered investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. The written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about Hungerford Financial, LLC is available on the SEC's website [www.Advisorinfo.sec.gov](http://www.Advisorinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The Advisor's CRD number is 249789.

## **2. MATERIAL CHANGES**

We have no material changes to report since our last annual update which was on February 4, 2021.

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#### **4. ADVISORY BUSINESS**

##### **A. OWNERSHIP/ADVISORY HISTORY**

Hungerford Financial, LLC (“the Advisor”) was established as a Michigan Limited Liability Company in 2015. It became registered as a Michigan Investment Adviser in December 2015 and subsequently registered with the Securities and Exchange Commission in December 2018. The Advisor is owned by Hungerford Nichols, a CPA firm and Thomas J. Price (“Mr. Price”). Mr. Price is the firm’s managing member.

##### **B. ADVISORY SERVICES OFFERED**

The Advisor’s services include portfolio management services and the creation of financial plans for clients. The Advisor will meet with a client to evaluate the individual client’s investment needs, goals and objectives. After the evaluation, the Advisor may recommend one of the services described below.

##### **1. FINANCIAL PLANNING**

The Advisor offers clients financial planning services to evaluate their financial situation, goals and risk tolerance. Through a series of personal interviews and the use of questionnaires the Advisor will collect pertinent data, identify goals, objectives, financial problems, potential solutions, prepare specific recommendations and implement recommendations. As a result of these actions, the Advisor’s advice may be provided some or all of the following 13 Wealth Management Issues:

- 1) Investment Planning
- 2) Risk Management & Insurance Planning
- 3) Banking & Credit Management
- 4) Retirement Planning
- 5) Executive Compensation
- 6) Business Succession
- 7) Planning for Incapacity
- 8) Education & Family Support
- 9) Charitable Giving
- 10) Titling & Beneficiary Designations
- 11) Executor & Trustee Selection
- 12) Distribution of Estate
- 13) Tax Planning

The Advisor may offer broad-based planning services, or the client may desire advice on certain planning components; the Advisor can tailor services as desired by the client. At the conclusion of the Financial Planning Service the Advisor will present the client with a written financial plan.

## 2. PORTFOLIO MANAGEMENT

The Advisor manages individualized portfolios for its clients. The Advisor works with each client to formulate an individualized portfolio based upon his/her objectives, time frame, risk parameters and other investment considerations. Please see Item 8 for additional information about the types of securities used and the Advisor's investment strategies. The Advisor's investment philosophy is to use principals of value, safety and quality to seek investment options globally. The Advisor places heavy emphasis on risk control, believing that avoiding losses allows appreciation potential of equities to be realized.

## 3. RECOMMENDATION OF THIRD-PARTY INVESTMENT ADVISERS

The Advisor recommends and monitors third-party investment advisers ("Third-Party Advisers"). Advisor may recommend one or more Third-Party Adviser to its clients. The recommend will depend on the client's individual circumstances, goals and objectives, desired strategy, account size, risk tolerance, and other factors. The Advisor works with the client to determine which Third-Party Adviser may be appropriate. The client is never obligated to use a recommended Third-Party Adviser.

The Advisor reviews each Third-Party Advisers before making a recommendation to the client. The Advisor considers the following factors during its review: fees, reputation, performance, financial strength, management, price, reporting capabilities, and the client's financial situation, goals, needs and investment objectives. After our review, we will present the client with one or more recommendations.

If the client wishes to proceed with the recommendation, the Advisor enters into a relationship with the recommended Third-Party Adviser. Under this relationship, the Third-Party adviser is responsible for portfolio management, best execution, portfolio reporting, trading, trade error resolution, and custodian reconciliations. The Advisor maintains their relationship with you by monitoring the status of the client's accounts with the Third-Party Adviser, making recommendations about the Third-Party Adviser, typically meeting with the client either in person or by telephone on an annual basis, and acting as the client's primary adviser. You should direct all questions regarding the Third-Party Adviser's services and performance to the Advisor.

When utilizing the services of a Third-Party Adviser, clients will be given a copy of their Form ADV Part 2A. Clients are encouraged to read and understand this disclosure document.

## 4. RETIREMENT PLAN SERVICES

For business clients, the Advisor offers retirement plan consulting services. These services may cover ERISA and non-ERISA plans. Additionally, they may be ERISA fiduciary and/or ERISA non-fiduciary. The number of services is negotiated with each client.

The ERISA fiduciary services may include:

- 1) Selection of Investments
- 2) Assessment of Investments
- 3) Participant Investment Advice

#### 4) Investment Policy Statement Preparation

Non-ERISA fiduciary services may include:

- 1) Investment Policy Statement Review
- 2) Performance Monitoring
- 3) Third Party Service Provider Liaison
- 4) Employee Enrollment
- 5) Employee Education
- 6) Vendor Review/Conversion

#### C. TAILORED SERVICES

The Advisor's portfolio management services are tailored to each client's investment objectives, needs and goals. A client may impose restrictions on investment in certain securities (for example no tobacco stocks) or types of securities (for example no real estate related investments). Any restrictions must be provided in writing.

#### D. WRAP PROGRAM

The Advisor does not sponsor a wrap program.

#### E. CLIENT ASSETS MANAGED

As of January 14, 2021, we manage \$238,193,107 in client assets on a discretionary basis and \$14,415,384 in client assets on a non-discretionary basis

### 5. FEES AND COMPENSATION

#### A. FINANCIAL PLANNING

The Advisor's financial planning services are offered on an hourly fee basis. The hourly fee is \$250.00 per hour. The fee is negotiable and is based upon the number of topics covered, the amount of time required to write the plan, the areas of research involved, how involved/detailed the client would like the plan written, whether the Advisor works with the client's CPA or attorney and time to write the plan. The fee is due presentation of the financial plan or conclusion of consulting arrangement.

#### B. PORTFOLIO MANAGEMENT SERVICES

Fees for portfolio management will be a percentage of the assets under management. The fee will be calculated, accrued and due quarterly in advance based upon the following annual fee schedule:

<b>Custodian Reported Value</b>	<b>Annual Management Fee</b>
\$0 to \$1,000,000	0.95%
\$1,000,000.01 to \$2,000,000	0.85%
\$2,000,000.01 to \$5,000,000	0.75%
\$5,000,000.01 to \$10,000,000	0.65%
Above \$10,000,000	Negotiable

Notwithstanding the above fee schedule, Advisor requires a minimum annual management fee of \$1,200 per account. The fee is negotiable based upon the size of the account and/or if the client has multiple accounts within his household with the Advisor. The fee will be based upon the account's value as of the end of the previous quarter.

The client will be asked to authorize the Advisor with the ability to withdraw the fee directly from the client's account (see Item 15 for additional details).

The Advisor's fees are separate and distinct from other fees or expenses that may include brokerage charges, transaction fees, and other related costs and expenses. Additionally, clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by mutual fund managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, as disclosed in a fund's prospectus, which are separate and distinct from the firm's fee.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance.

#### C. RECOMMENDATION OF THIRD PARTY INVESTMENT ADVISERS

Fees for when we recommend Third-Party Adviser services, we charge an annual management fee that is based on a percentage of the assets under management. The annual fee is based on the following fee schedule:

<b>Custodian Reported Value</b>	<b>Annual Management Fee</b>
\$0 to \$1,000,000	0.50%
\$1,000,000.01 to \$2,000,000	0.40%
\$2,000,000.01 to \$5,000,000	0.30%
\$5,000,001 to \$10,000,00	0.20%
Above \$10,000,000	Negotiable

The fee is calculated, accrued and due quarterly, in arrears based on the account value as of the last business day of the quarter as reported by the account's custodian. The fee is negotiable and is in addition to the Third-Party Adviser's fee which is disclosed in their Form ADV Part 2A. The client will be asked to authorize the Third-Party Adviser with the ability to withdraw our fee.

Our fees are separate and distinct from any other fees or expenses including the Third-Party Adviser's fee. Other fees and expenses may include brokerage commissions, transactions fees, and other related costs and expenses. Additionally, clients may incur certain charges imposed by custodians, broker, third party investment and other third parties such as; fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, as disclosed in a fund's prospectus, which are separate and distinct from our fee.

#### D. RETIREMENT PLAN SERVICES

Fees for retirement plan services will be a percentage of plan assets. The fee will be calculated, accrued and due quarterly in advance based upon the following annual fee schedule:

<b>Custodian Reported Value</b>	<b>Annual Management Fee</b>
\$0 to \$1,000,000	0.50%
\$1,000,000.01 to \$2,000,000	0.40%
\$2,000,000.01 to \$5,000,000	0.30%
Above \$5,000,000	0.20%

The management fee is tiered. A tiered fee means the applicable rate will be applied to the fair market value in each applicable range of account value. For example, an account with a month end value of \$1,300,000.00 will be charged 0.50% on the first \$1,000,000 and 0.40% on the next \$300,000. The fee is negotiable.

#### E. TERMINATION OF SERVICES

Financial Planning clients may terminate the financial planning service for any reason within the first five (5) business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated by either the client or the Advisor at any point in time through written notice to the party's respective address of record.

Portfolio management, Third-Party and qualified plan service clients may terminate their service for any reason at any time and, within the first five (5) business days after signing the contract, receive a 100% refund of any fees paid without any cost or penalty. Thereafter, the service may be terminated at any time by giving seven (7) days written notice to the other party. The written notice of termination by the client must be sent to Hungerford Financial, LLC, 2910 Lucerne Drive SE, Grand Rapids, MI 49546. Upon termination, fees will be prorated for the number of days that services were rendered during the termination quarter. All unearned fees will be refunded to the client. For example, if 90 days are in a quarter and services were rendered for 30 days in the quarter, the client will be refunded 67% of that quarter's fee. ( $30/90 = .33 * 100 = 33\%$  paid to Advisor for services with remainder/unearned fees paid to the Client.  $100\% - 33\% = 67\%$ ). All refunds will be distributed within 30-days of termination. Refunds are paid by check or by depositing the fee back into the account.

#### F. OTHER SECURITIES COMPENSATION

Mr. Price is a registered representative of United Planners Financial Services ("UPFS"), member FINRA/SIPC. Through UPFS, he may sell securities to the Advisor's clients for a commission. This causes a conflict of interest because the commissions UPFS are separate from the fees outlined above. Mr. Price attempts to mitigate this conflict of interest to the best of his ability by placing the client's interest ahead of his own through his fiduciary duty. Additionally, it is our policy that recommended securities purchases or other investment Advisor services do not have to be purchased through Mr. Price or any affiliate.



## 6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

The Advisor does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or perform side by side management. This section is not applicable.

## 7. TYPES OF CLIENTS

The Advisor's services are offered to individuals, charities, high net worth individuals and pension and profit-sharing plans. The Advisor requires a minimum account size for its portfolio management services of \$100,000. However, the Advisor may waive the minimum at its discretion.

## 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Advisor starts with a strategic asset allocation for each client and then manages the account using tactical asset allocation.

With the initial strategic asset allocation, the Advisor takes into account the client's risk tolerance, goals, investment objectives and other data gathered during the client meetings. Asset allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon among various asset classes. The risk associated with asset allocation is that each class has different levels of risk and return, so each will behave differently over time. Also, despite being diversified there is no guarantee that an account will grow.

Tactical asset allocation is an active management portfolio strategy that rebalances the percentage of assets held in various categories in order to take advantage of market pricing anomalies or strong market sectors. This strategy is designed to allow portfolio managers to create extra value by taking advantage of certain situations in the marketplace. It is as a moderately active strategy because portfolio managers return to the portfolio's original strategic asset mix when desired short-term profits are achieved.

The Advisor's analysis of securities and advice relating thereto may be based upon information obtained from software programs, financial newspapers and magazines, research materials prepared by others, corporate ratings services, and annual reports, prospectuses and filings made with the Securities and Exchange Commission. The Advisor may also utilize computer models for performance analysis, asset allocation and risk management.

### B. RECOMMENDED SECURITIES AND INVESTMENT RISKS

The Advisor primarily uses, but not limited to: Mutual Funds; Exchange Traded Funds; Equity Securities; Bonds and other corporate debt instruments; Government Debt instruments including Treasury Bills and Municipal securities; Options; Traded Real Estate Investment Trusts; Certificates of Deposit; Money Market Funds and Cash.

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear.** While the Advisor uses investment strategies

that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. A client needs to ask questions about risks he/she does not understand. The Advisor would be pleased to discuss them.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. The client's account performance could be hurt by:

- **Credit Risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.
- **Inflation Risk:** This is the risk that inflation will undermine the performance of your investment and/or the future purchasing power of your assets.
- **Interest Rate Risk:** The chance that bond prices overall will decline because of rising interest rates. Interest rate risk will vary for the Firm, depending on the amount of Client assets invested in bonds.
- **International Investing Risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, and regulatory and financial reporting standards, that differ from those of the U.S.
- **Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing the ability to sell such illiquid securities at an advantageous time or price, or possibly requiring the client to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.
- **Manager Risk:** The chance that the proportions allocated to the various securities will cause the Client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **Options Risk:** Like other securities - including stocks, bonds, and mutual funds - options carry no guarantees, and a person must be aware that it is possible to lose all of the principal he/she invests, and sometimes more. As an option holder, a person risks the entire amount of the premium he/she paid pay. But as an options writer, a person takes on a much higher level of risk. For example, if a person writes an uncovered call, he/she faces unlimited potential loss, since there is no cap on how high a stock price can rise. However, since initial options investments usually require less capital than equivalent stock positions, a potential cash loss as an options investor are usually smaller than if someone bought the underlying stock or sold the stock short. The exception to this general rule occurs when an option is used to provide leverage: Percentage returns are often high, but it is important to remember that percentage losses can be high as well.

- **REIT Market Risk:** REITs have no control over market and business conditions and are vulnerable to market risk and slow-downs. External conditions beyond its control may reduce the value of properties that it acquires, the ability of tenants to pay rent on a timely basis, the amount of rent that can be charged and the ability of borrowers to make loan payments on a timely basis or at all. Cash available for distribution to stockholders can be affected by the tenant's inability to make rents or pay loans.
- **REIT Tenant Strength Risk:** REIT's revenues are highly dependent on lease payments from its properties and interest payments on the loans it makes. Defaults by tenants or borrowers reduce the cash available for repayment of outstanding debt and distribution to investors. If tenants have multiple properties or borrowers have multiple loans it increases the risk of more than one property or loan going bad if that tenant or borrower defaults. More than one property could become vacant or loans are in default because of the financial failure of one tenant or borrower. Multiple vacancies or defaults can reduce a REITs cash receipts and funds available for distribution and could decrease the value of the affected properties.
- **REIT Qualifying Risk:** REITs must be organized and operated and intend to continue to be organized and to operate, in a manner that will enable them to qualify as a REIT for federal income tax purposes. No assurance can be given that a REIT qualifies or will continue to qualify as a REIT. If a REIT fails to qualify as a REIT, it will be subject to federal income tax at regular corporate rates. If a REIT fails to qualify the funds available for distribution to investors would be greatly reduced for each of the years involved.
- **Stock Market Risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

## 9. DISCIPLINARY INFORMATION

Registered investment Advisors are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the Advisor or the integrity of its management. These include the following:

- A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the *supervised person*
  1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any *felony*; (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
  2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.

The firm and Mr. Price have no information applicable to this item.

B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
  - i. denying, suspending, or revoking the authorization of the *supervised person* to act in an *investment-related* business;
  - ii. barring or suspending the *supervised person's* association with an *investment-related* business;
  - iii. otherwise significantly limiting the *supervised person's investment-related* activities; or
  - iv. imposing a civil money penalty of more than \$2,500 on the *supervised person*.

The firm and Mr. Price have no information applicable to this item.

C. A *self-regulatory organization (SRO) proceeding* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of the *SRO's* rules and was: (i) barred or suspended from membership or from association with other members or was expelled from membership; (ii) otherwise significantly limited from *investment-related* activities; or (iii) fined more than \$2,500.

The firm and Mr. Price have no information applicable to this item.

D. Any other *proceeding* in which a professional attainment, designation, or license of the *supervised person* was revoked or suspended because of a violation of rules relating to professional conduct. If the *supervised person* resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a *proceeding* (and the adviser knows, or should have known, of such resignation or relinquishment), disclose the event.

The firm and Mr. Price have no information applicable to this item.

## **10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. BROKER-DEALER AFFILIATIONS**

The Advisor's owner, Mr. Price, is a registered representative of United Planners Financial Services. Please see Item 5.F for additional details.

### **B. FUTURES/COMMODITIES FIRM AFFILIATION**

The Advisor and Mr. Price are not affiliated with a futures or commodities broker.

### **C. OTHER INDUSTRY AFFILIATIONS**

The Advisor's owner, Mr. Price, is licensed to sell (for sales commissions) insurance products (life and annuities) for various insurance companies that are duly licensed in the State of Michigan. This causes a conflict of interest because he receives a commission for these services, which is separate from the investment management and financial planning fees outlined in Item of the firm's ADV Part 2A. Mr. Price attempts to mitigate the conflict of interest to the best of his ability by placing the client's interests ahead of his own, through his fiduciary duty and by following the Advisor's Code of Ethics. Clients are never obligated to purchase recommended insurance products through Mr. Price.

Mr. Price is also a registered investment adviser of United Planners Financial Services, ("UPFS"). He may recommend this service to the firm's clients. This other business activity pays him fees that are separate from the fees described above. This is a conflict of interest because the fees give Mr. Price a financial incentive to recommend UPFS's services to the firm's clients. However, Mr. Price attempts to mitigate any conflicts of interest to the best of his ability by placing the clients' interest ahead of his own, through his fiduciary duty and by informing clients that they are never obligated to use recommended services through him.

### **D. SELECTION OF THIRD PARTY INVESTMENT ADVISORS**

The Advisor does not Select and Monitor Third Party Investment Advisors.

## **11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. DESCRIPTION**

The Advisor's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. The Advisor will provide a copy of its Code of Ethics to any client or prospective client upon request.

The Advisor's Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and

business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Advisor must acknowledge the terms of the Code of Ethics annually, or as amended.

**B. MATERIAL INTEREST IN SECURITIES**

The Advisor and its associates do not have a material interest in any securities.

**C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES**

The Advisor's associates may invest in the same securities that they purchase (for discretionary accounts) or recommend (for non-discretionary accounts) for client accounts. This causes a conflict of interest because the Advisor's associates have the ability to trade ahead of the client and potentially receive more favorable prices than the client receives. The Advisor mitigates this conflict of interest by requiring the Advisor's associates to trade their personal accounts either at the same time as it trades a client's account (see Item 12.B for details about aggregate trading) or after trading a client's account. The Advisor's associates are aware of their fiduciary duty to their clients. Records of all associates' proprietary trading activities will be reviewed and made available to regulators to review on the premises.

**12. BROKERAGE PRACTICES**

**A. RECOMMENDATION CRITERIA**

The Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

With its charity clients, the Advisor typically recommends Fidelity as the custodian because the Advisor participates in the Fidelity Charitable Program. Fidelity offers competitive commission costs together with reliable services through the program.

A client's choice of another broker-dealer is acceptable if proven feasible. The Advisor recognizes its fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability/inventory on behalf of our clients. The Advisor does not receive compensation with respect to execution of trades. In some instances, a client will incur a ticket charge for the sale and purchase of securities.

NOTE: Clients may be able to obtain lower commissions and fees from other brokers, and the value of products, research and services given to the applicant is not a factor in determining the selection of broker/dealers or the reasonableness of their commissions.

**i. RESEARCH AND SOFT DOLLARS**

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay

for these types of services. The Advisor does not receive “soft dollars” from any vendor, service provider or custodian.

ii. BROKERAGE FOR CLIENT REFERRALS

The Advisor does not receive client referrals or any other incentive from any broker-dealer or custodian.

iii. DIRECTED BROKERAGE

Some clients may direct the Advisor to use a specific broker-dealer to execute securities transactions for their accounts. When so directed, the Advisor may not be able to effectively achieve best execution on clients’ transactions.

B. TRADE AGGREGATION

The Advisor may aggregate orders with respect to the same security purchased for different clients. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account’s participation in the transaction, subject to our discretion depending on factual or market conditions. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts. Allocations of orders among client accounts must be made in a fair and equitable manner.

**13. REVIEW OF ACCOUNTS**

A. PERIODIC REVIEWS

The Advisor’s owner, Thomas Price, reviews client accounts on a semi-annual basis. He also meets with clients either in person or by telephone three times per year.

B. OTHER REVIEWS

Reviews may also be triggered by events within client’s lives, as well as pertinent news events, changes in federal and state regulatory or tax regimes, and overall economic events.

C. REPORTS

Financial Planning clients receive a written report at the conclusion of the financial planning engagement. Portfolio Management clients will receive account statements from the custodian of their accounts at least quarterly, although monthly is customary.

**14. CLIENT REFERRALS AND OTHER COMPENSATION**

A. OTHER COMPENSATION

As disclosed under Item 12, above, the Advisor participates in TD Ameritrade’s institutional customer program and the Advisor may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between the Advisor’s participation in the program and the investment advice it gives to its clients, although the Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail

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

#### **B. CLIENT REFERRALS**

The Advisor does not pay for client referrals or use solicitors.

### **15. CUSTODY**

All client funds, securities and accounts are held at third-party custodians. The Advisor does not take possession of a client's funds, securities or accounts. However, portfolio management clients will be asked to authorize the Advisor with the ability to deduct its fees directly from the client's account. This authorization will apply to the Advisor's management fees only. A client may cancel the Advisor's ability to deduct the fees from the Account by notifying the Advisor at any time. The Account's custodian will send a quarterly account statement, indicating the amount of fees withdrawn from the client's Account. The Advisor urges clients to carefully review their statements and notify the firm of any discrepancies as soon as possible.

At times, we assist some clients with the ability to move money from one account to another. In these situations, you will sign standing letter of instruction ("SLOAs") with your custodian that grants us the ability to facilitate the transfer. When your money is transferred between accounts with different titles, this is considered a limited form of custody. In 2017, the SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). We and your custodian follow the safeguards outlined in the letter. These safeguards include:



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

## **16. INVESTMENT DISCRETION**

The Advisor offers both discretionary and non-discretionary investment management services. The discretionary investment management is granted when a client signs an investment management agreement. The investment management agreement contains a limited power of attorney that allows the firm to select the securities to be bought and sold and the amount of securities to be bought and sold in the client's account. It also allows the firm to place each such trade without the client's prior approval. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account, and any other investment policies, limitation or restrictions.

When a client selects non-discretionary investment management services, the client retains full discretion to supervise, manage, and direct the assets of the account. The client will be free to manage the account with or without the Advisor's recommendation and all with or without the Advisor's prior consultation.

## **17. VOTING CLIENT SECURITIES**

The Advisor does not vote proxy. Clients should receive proxy solicitations directly from their account's custodian. Any proxy solicitation materials received by the Advisor will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact his/her investment Advisor representative.

## **18. FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

The Advisor does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

### **B. FINANCIAL CONDITION**

Registered investment Advisors are required in this Item to provide you with certain financial information or disclosures about the Advisor's financial condition. The Advisor has no financial commitment that impairs its ability to service its clients.

### **C. BANKRUPTCY**

The Advisor, its owner and its investment Advisor representatives have not been the subject of a bankruptcy proceeding.