

Item 1 – Cover Page



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Form ADV Part 2A Disclosure Brochure

January 26, 2021

www.carbahalolsen.com

This Brochure provides information about the qualifications and business practices of Carbahal Olsen Financial Services Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (530) 758-4921 or lolsen@carbahalolsen.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"). Carbahal Olsen Financial Services Group, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about Carbahal Olsen Financial Services Group, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Carbahal Olsen Financial Services Group, LLC who are registered, or are required to be registered, as investment adviser representatives ("IARs") of Carbahal Olsen Financial Services Group, LLC.

Item 2 – Material Changes

This Item discusses specific material changes that are made to this Brochure and provides you with a summary of such changes. Since our last update to Form ADV Part 2A on April 14, 2020, Kurt D. Schrader has been added as one-third owner of our firm.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our fiscal year end of December 31. At that time, we will also offer or provide a copy of our most current disclosure brochure. On an ongoing basis, we may also provide other disclosure information about material changes as necessary.

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Item 4 – Advisory Business

Carbahal Olsen Financial Services Group LLC (“COFS”), a SEC registered investment adviser, in Davis, California, offers advisory services in the form of financial planning and asset management. The firm was founded in 1999 and became a registered investment adviser in January of 2010. COFS’ principal owners are Kurt D. Schrader, Manuel A. Carbahal, and John M. Carbahal.

We currently provide investment advisory services to clients in twelve states, including California. We are notice filed in California as we have a place of business in that state. We are not required to notice file in most of the other states as we have fewer than five clients (de minimis exemption) in those states. The exception is New Hampshire, which requires notice filing prior to accepting the first client. Therefore, since we have clients in New Hampshire, we also notice file in New Hampshire.

In this Brochure, we describe our advisory business as well as all material conflicts of interest regarding the firm, its employees and representatives, which could reasonably be expected to impair the rendering of unbiased and objective advice to you.

Types of Advisory Services Offered

Financial Planning and Consultations

We provide comprehensive financial planning services or limited consulting services to individuals who hire us and sign our Financial Planning Agreement. The same services are offered at no cost to any client who has retained COFS under an Asset Management Agreement.

Financial planning is a complex process which includes scheduled consultations to discuss your financial and estate needs and objectives. We review and analyze the information you provide, summarize your financial situation, and then make specific written recommendations that address your particular concerns and objectives. Our advice is based on the personal financial information we obtain from you, assumptions you select and other planning assumptions determined by us.

Primarily, we develop written, comprehensive and segmented financial plans regarding the following topics:

- **Personal:** family records, budgeting, personal liability, estate information and financial goals,
- **Tax and cash flow:** income tax and spending analysis and planning for past, current and future years,
- **Death and disability:** cash needs at death, income needs of surviving dependents, estate planning and disability income analysis,
- **Retirement:** analysis of current strategies and investment plans to help achieve retirement goals, and
- **Investments:** analysis of investment alternatives and their effect on your portfolio.

You may contract with us for limited consulting services. Typically, our consulting services will not result in a comprehensive financial plan such as with our financial planning services. Rather, we may provide you with a verbal or written summary that addresses your topic of interest.

Because the financial plan or summary will be based on the information provided by you, the completeness and accuracy of the information we obtain is essential. We will ask you to provide copies of any financial documents that we may reasonably request as necessary to evaluate your financial circumstances and provide a financial plan. Financial planning may involve consulting with other professionals, including your attorney, accountant and other specialized investment professionals. We will restrict the range of our services to our level of expertise or regulatory limitations.

We request that you notify us if there are any changes in the information you provided to us or if any of your circumstances have changed that may affect the financial plan we develop. It is your sole responsibility for determining whether to implement our recommendations.

If you have provided us with the information and documentation necessary to formulate a plan, you will receive a completed plan from us within 30 days of signing the financial planning agreement. We will prepare recommendations reasonably expected to meet your specific goals, needs and priorities. However, we give no assurance that the recommendations presented will fulfill your goals.

If you are not satisfied with the written financial plan as presented, we will attempt to revise the plan to your satisfaction. The number of times we revise a plan will be at our discretion. If you remain unsatisfied with the written plan as presented, we will not refund the fee charged for the plan, but you will be able to keep the final plan.

All of our financial planning services terminate upon presentation of the plan or completion of the consultation unless you have contracted for retainer services. Retainer clients receive twelve months of financial planning or consulting services. The retainer contract is renewed automatically each year on the anniversary date of the signing of the original agreement, unless terminated sooner by you or us. We require a new agreement if the services or the fees change.

Both parties can terminate the financial planning services agreement by providing written or oral notice to the other and the termination will be effective immediately. If services are terminated within five business days of signing the client agreement, the services will be terminated without penalty. After the initial five business days you will be assessed a prorated charge based on the time and effort expended by us prior to receipt of notice of termination. COFS will send a billing statement summarizing the amount due.

A conflict exists between the interests of COFS and your interests. If you choose to implement our recommendation for asset management services through a separate contract with us, we will receive fees related to services as your investment manager. In addition, if an IAR of COFS is separately licensed as an insurance agent, the IAR can receive separate, yet customary, commission compensation when implementing insurance product transactions on your behalf. You are not under any obligation to engage COFS or our IARs when considering implementing our

recommendations. The implementation of any or all of our recommendations is solely at your discretion.

Asset Management Services

The asset management services described below are provided pursuant to a written agreement that details the terms of the service and is signed by you and COFS. We provide discretionary asset management services utilizing securities such as mutual funds, exchange traded funds (“ETFs”), primarily, and individual stocks and bonds, where appropriate, in our Standard Program. In our Annuity Program, we use variable annuity sub-accounts.

Before recommending an investment strategy for you, we will gather information about your current investments, financial situation, goals and risk tolerance. We may collect this information through questionnaires, copies of tax returns, insurance policies, wills, trusts and other documents you make available, and/or through one-on-one meetings. We review the provided information and make investment and model allocation recommendations which are designed to meet your specific needs and objectives.

You may impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain securities.

We may, or you may direct us to, deviate from the originally suggested investments and allocation model due to changes in your individual situation, personal investment guidelines, rebalancing concerns, changes in the marketplace and other factors that may arise. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objectives and whether you wish to impose or modify existing investment restrictions.

Securities brokerage transactions are processed by Fidelity Investments through Fidelity Institutional Wealth Services (“FIWS”). 403(b) and 401(a) account transactions are processed through Fidelity Investments Tax-Exempt Services Company (“FITSCo”). Client funds and securities are custodied and maintained through the same companies. Clearing, custody or other brokerage services may also be provided by National Financial Services LLC or Fidelity Brokerage Services LLC, which are Fidelity affiliates.

Standard Programs

Exchange Traded Fund/Mutual Fund Model Portfolios

Client accounts in the ETF/Mutual Fund model portfolios will be invested primarily in a combination of ETFs and actively managed mutual funds from a variety of fund families. ETFs are utilized due to their liquid, low cost, tax-efficient exposure to a wide range of asset classes, primarily based on stock or bond indexes. The mutual funds are chosen by our investment team based on a variety of factors including internal expenses, transactions costs, performance and risk measurements, and manager experience and tenure, among others.

Custom Accounts

It may be appropriate for certain COFS client accounts to be invested in asset allocations that depart from our typical ETF/Mutual Fund model portfolios. Custom accounts will generally be invested in a standard model, but investments may vary from the model for a variety of reasons including tax

considerations, short or intermediate-term cash flow needs, or others as may be agreed on between COFS and the client.

Retirement Plan Accounts at FITSCo

Model portfolios for accounts at FITSCo are designed for clients employed at certain tax-exempt organizations and in the public sector for which full-service retirement plans offered by Fidelity Investments are available. Portfolios under this program consist entirely of actively managed Fidelity mutual funds.

Annuity Program

Under our Annuity Program, COFS manages your variable annuity by selecting, monitoring and exchanging, as necessary, between sub-accounts available in the Fidelity Personal Retirement Annuity® (“FPRA”) product issued by Fidelity Investments Life Insurance Company (“FIL”). Your COFS Investment Adviser Representative (“IAR”) is not an appointed insurance agent of Fidelity or the insurance companies that issue Fidelity annuities, nor is COFS affiliated with FIL; rather, the product is sold through FIL and its insurance-licensed representatives. COFS and its IARs will not receive commission income if you decide to purchase this annuity.

The amount of discretionary assets we had under management in our Asset Management Services programs as of December 31, 2019 was \$119,653,267.64. We had no non-discretionary assets under management.

Item 8 in this Brochure has additional information about our investment strategies and investment risks.

Termination of Asset Management Agreement

The Asset Management Agreement between you and COFS will continue to be in effect until terminated by either party by written notice to the other. Once the agreement is terminated, COFS will have no obligation to recommend or take any action with regard to the securities, cash or other investments in your account. You will be responsible to pay advisory fees that have accrued through the date of termination. In certain circumstances, Fidelity may charge additional termination fees if an account in their custody is closed or transferred to another custodian.

Newsletters

We may prepare newsletters that are general, educational and informational in nature. These newsletters are offered to current clients with managed accounts and to potential clients. There is no fee for our newsletters.

Seminars

We may conduct financial planning seminars that are general, educational and informational in nature. These seminars may be offered to current and prospective clients and to the general public. The seminars are provided at no charge.

Item 5 – Fees and Compensation

Financial Planning and Consultations

We charge fees for financial planning or consultation services at a rate of \$75 - \$350 per hour or for a fixed fee of \$250 - \$1500 per plan.

Fees are negotiable based on the services you request, the complexity of your situation, the advisor providing the services, and consultations with other professionals that may be needed.

If we are billing on an hourly basis, we will provide you with an estimate of the hours needed to complete the requested plan. If the hours required to complete the plan will exceed our estimate, we will contact you prior to proceeding with any additional work. Both fixed and hourly fees are due upon the presentation of an invoice after the plan or consultation is completed. You have the option to pay your fees to COFS by check, credit card or deduction from an existing account under COFS management.

Asset Management Services

Asset Management Fees

The management fee for individual accounts is based on a percentage of the value of your assets under management. The exact fee will be specified on “Exhibit A Schedule of Fees” of your Asset Management Agreement with COFS. The range of fee rates for this service is as follows:

Account Value	Standard Program Flat Fee Range	Annuity Program Maximum Flat Fee
\$50,000 - \$250,000	1.00 – 1.75%	Up to 1.00%
\$250,001 - \$499,999	0.85 – 1.60%	Up to 0.90%
\$500,000 - \$999,999	0.65 – 1.40%	Up to 0.80%
\$1,000,000 - \$2,499,999	0.40 – 1.15%	Up to 0.70%
\$2,500,000+	Contact COFS for pricing	

The fee rates in the listed schedule are flat rate fees, which means that the rate chosen and detailed in the Asset Management Agreement for each client account is the rate for the entire account balance of the account and does not vary when the value of the assets in the account fluctuates. If you and COFS agree to change the rate on your account(s), the rate change will be detailed in an updated and signed Schedule of Fees.

Management fees are automatically deducted from the account quarterly in arrears and are prorated for deposits and withdrawals that occur during the billing period. We provide you with a quarterly statement that includes a billing invoice detailing the charges. This invoice shows:

- the amount of fees for the prior quarter,
- the value of the assets on which the fees were calculated,
- the manner in which the fees were calculated,
- any adjustment to the fees, and
- an explanation of any adjustments.

Fees are negotiable based on the amount of assets to be managed, services you request, the complexity of your situation, the advisor providing the services, and consultations with other professionals that may be needed.

We urge you to verify the accuracy of the fee that is deducted from your account. The custodian of your account does not determine whether or not the fee is properly calculated.

Other Fees

In addition to the management fees assessed by COFS, your account may incur other fees and expenses such as, but not limited to:

Mutual Fund Fees

The mutual funds we choose for our portfolios are no-load or load-waived funds purchased at net asset value, which means you pay no sales commissions when we trade these funds in your account. However, there are other fees associated with mutual funds. These fees include internal fees and expenses (the details of which are available in each fund's prospectus), and short-term redemption fees of up to 2.0% on the principal balance of certain funds if they are sold within one to six months of their original purchase.

Brokerage Transaction Fees

Fidelity charges brokerage fees for certain stock, bond, and ETF transactions. **These fees are higher for clients that choose paper rather than electronic delivery of their account statements from Fidelity.** Fidelity also charges a \$25 transaction fee on trades for mutual funds not on Fidelity's *No Transaction Fee ("NTF")* list. COFS uses Transaction Fee ("TF") funds only when we believe there is not an appropriate NTF fund for a particular asset class or sector in a model portfolio. We may, at our discretion, reimburse you for brokerage transaction fees you incur.

Custodial Fees

Fees other than brokerage fees may be charged by Fidelity. These fees, such as custodial maintenance fees, retirement recordkeeping fees, wire transaction fees and account termination fees, are disclosed in Fidelity's customer agreement documents.

We do not share in any fees charged by mutual funds, account custodians, or broker-dealers. Lower fees for comparable asset management or financial planning services may be available from other sources.

Item 12 "Brokerage" contains information about the factors we consider in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

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

COFS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

Item 7 – Types of Clients

COFS provides portfolio management services to individuals, high net worth individuals, small businesses, and pension and profit-sharing plans. The minimum investment to open a new account is \$50,000, although the Chief Investment Officer may waive this requirement at his discretion. You can bundle household accounts together to reach the minimum investment requirement.

We require accounts in our management programs to be custodied and maintained by Fidelity Investments through FIWS, FITSCo, or FILI. See Item 12 for more details about our brokerage practices.

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

Methods of Analysis

COFS' Chief Investment Officer uses numerous sources in analyzing which securities to include in our client portfolios. Investment decisions are based on modern portfolio theory and macro-economics, and focus is centered on sector performance. The sources used include, but are not limited to, the following internet websites:

- iShares.com
- Bloomberg.com
- Fidelity.com
- Thetreet.com
- Finance.yahoo.com
- Morningstar.com

Investment Strategies

We use a Core/Satellite structure as the foundation for our investment strategies. The Core is a long-range, globally diversified strategic allocation with a low cost, low turnover portfolio of investments. These investments consist primarily of ETFs for our traditional accounts. Accounts maintained through FITSCo are invested primarily in Fidelity mutual funds. FILI accounts are invested in Fidelity annuity sub-accounts. With the Satellite overlay, some tactical asset allocation will be employed to take advantage of investment opportunities present in the marketplace that target specific market sectors. Examples of the market sectors might include, but are not limited to, precious metals, energy, or medical technology. The objective is to provide a low-expense portfolio designed around your financial goals and risk/return requirements, participating in market upswings but with the potential to conserve capital in market downturns by overweighting cash equivalents.

Some of the asset classes and management styles include, but are not limited to:

- Large Capitalization U.S. Equities (growth/value)
- Small/Mid-Capitalization U.S. Equities (growth/value)
- International Equities (developed/emerging markets)
- U.S. Government Bonds
- International Bonds
- Emerging Markets Fixed Income

- Corporate Bonds (investment grade/high yield)
- Cash Equivalents
- Alternative Investments (long/short global credit; market neutral income convertible bond strategy)
- Precious Metals/Gold
- Real Estate Investment Trusts

We will use a custom portfolio strategy in a case where a client may have a specific need or request that does not fit within the guidelines of our current investment models. For example, a client may want to transfer in and continue to hold an individual security that is not typically included in one of our model portfolios. In another example, we may hold a position that is not in a model portfolio if a client would incur onerous tax consequences should the position be liquidated. The end goal in using a custom portfolio is to maintain a similar risk/reward profile yet accommodate a client's individual situation.

Risk of loss

Investing in securities involves risk of loss you should be prepared to bear. An investment is not a deposit in a bank; and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. While each of our investments strategies is similar, each has varying risk factors based upon the percentage of stocks, fixed income, and cash in which the portfolio is invested. We have identified the following *Material Risks*:

- Stock Market Volatility. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments.
- Foreign Exposure. Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments, and can perform differently than the U.S. market. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties, and can be extremely volatile.
- Issuer-specific changes. The value of an individual security or a particular type of security can be more volatile than, and can perform differently from, the market as a whole.
- Credit risk. The chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.
- Income risk. The chance that income generated by investment in a bond fund will decline because of falling interest rates.
- Manager risk. The chance that poor security selection will cause a fund to underperform relevant benchmarks or other funds with a similar investment objective.
- Non-diversification risk. The chance that a fund's performance may be hurt disproportionately by the poor performance of relatively few securities.
- Interest rate risk. The chance that bond prices overall will decline because of rising interest rates.
- Call risk. The chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. A bond fund would then lose potential price appreciation and be forced to reinvest proceeds at lower interest rates, resulting in a decline in the fund's income.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be pertinent to a client's evaluation of an advisor firm or the integrity of the advisor's management. COFS has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Certain COFS partners are engaged in activities other than giving investment advice. Manuel Carbahal and John Carbahal serve as principals and accountants for Carbahal & Company, An Accountancy Corporation, devoting at least 95% of their time in these capacities. Their services are separate and distinct from COFS' advisory services and are provided for separate and typical compensation. There are no referral fee arrangements between COFS and Carbahal & Company and you are not obligated to use Carbahal & Company for any tax or accounting services. Therefore, the relationship does not create a material conflict between your interests and COFS' interests.

Larry Olsen and Manuel Carbahal are co-trustees of the 401(k) pension/profit sharing plans for Carbahal & Company and COFS. Approximately 1% of their time is spent in this capacity. As trustees of the plans, they are responsible for administering the plans in accordance with the documents governing the plans. Their duties include processing contributions into the plan, authorizing distributions, maintaining records of account activity and arranging for a third-party administrator to provide the trust fund accounting for the plan.

Individual accounts are maintained for each participant in the plans. Participants are solely responsible for choosing investments and placing buy/sell transactions in their individual account(s). Accounts in the plans are not managed under any investment advisory agreement with COFS. Larry Olsen and Manuel Carbahal do not receive any compensation for their roles as trustees of the plans.

Some IARs of COFS are separately licensed as insurance agents to sell insurance products through various insurance companies that are unaffiliated with COFS. In this capacity, representatives can receive separate, yet customary, commission compensation when implementing insurance product transactions on the behalf of individuals that may also be COFS clients. Therefore, a conflict exists between the interests of those IARs and our clients' interests. You are not under any obligation to engage any IAR of COFS when considering implementing insurance recommendations. The implementation of any or all insurance recommendations is solely at your discretion.

Information about our representatives' other businesses can be found in their respective Form ADV Part 2B Supplemental Brochures, which also contain more detailed information about their educational backgrounds, business experience and disciplinary history (if any).

Issuers of Securities

John Carbahal is on the Board of Directors of First Northern Community Bancorp ("FNCB"). FNCB is an issuer of stock that trades under the ticker symbol "FNRN" through the Over The Counter Bulletin Board. COFS does not utilize FNCB in its portfolios or recommend the stock to our clients for purchase; therefore, John's position on the Board of Directors does not create a material conflict of interest between COFS and our clients.

Item 11 – Code of Ethics

As part of our fiduciary duty as a registered investment adviser, we have adopted a Code of Ethics that represents the expected basis for all our dealings with you, our conduct as a firm, and the conduct of our associated persons. Associated persons of COFS must read and then execute an acknowledgement agreeing that they understand and agree to comply with COFS' Code of Ethics. This section is only intended to provide you with a summary description of COFS' Code of Ethics. We will provide a complete copy of our Code of Ethics to you or a prospective client upon request.

Below are the basic principles of our Code of Ethics:

- COFS has the responsibility to make sure that the interests of clients are placed ahead of the firm's or its IARs' own investment interests,
- all IARs will conduct business in an honest, ethical and fair manner,
- all IARs 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,
- no associated person shall prefer his/her own interests to that of the client,
- associated persons shall not buy or sell securities for their personal account(s) where their decision is derived by information obtained as a result of his/her employment unless the information is also available to the investing public, and
- all IARs have a responsibility to avoid circumstances that might negatively affect the IARs' duty of complete loyalty to their clients.

Participation or Interest in Client Transactions

COFS and its associated persons may buy or sell securities that are also held by you. Any trades undertaken for an associate's own account or for the account of COFS must be done so as not to disadvantage you in any way. This means that all employees and their related persons must generally wait to trade a security until all trading in that security for all client accounts is completed.

Personal Trading

Employees are required to comply with the provisions of COFS' *Office Compliance Manual* to report certain personal securities transactions to COFS. These employee transactions are reviewed each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Typically, employee trades are small transactions in mutual funds or widely held equities that do not affect the securities markets, or in individual securities that are not held in our model portfolios.

Within 10 days of commencement of employment and annually thereafter, each employee is required to submit an initial holdings report to COFS disclosing the identities, amounts, and locations of all securities owned in all accounts in which he or she has a "beneficial ownership interest".

Material Non-Public Information

Improper use of material non-public information when conducting any securities transaction is a serious violation of securities laws and is not tolerated by COFS. "Material information" is that

which in reasonable and objective consideration might affect the value of a company's stock or securities, would clearly affect investment judgment or which bears on the intrinsic value of the corporation's stock. "Non-public information" is information that has not yet been effectively communicated to the general public. Information communicated through any form of publication that could be circulated to the general public would not be considered non-public information.

COFS has set forth in its Code of Ethics policies and procedures designed to prevent and detect violations of the use of this type of information. All employees of COFS and all persons who receive material nonpublic information from employees concerning an issuer of securities are subject to these rules. If a person knows information about an issuer which the person believes would influence an investor in any investment decision concerning that issuer's securities and which has not been disclosed to the public, the person should not buy or sell that issuer's securities. Anytime an associated person determines that they have received material non-public information, it must be reported to COFS' CCO immediately. The CCO documents details of these reports and conducts reviews on a regular basis to monitor for violations of this policy.

Item 12 – Brokerage Practices

Directed Brokerage

You are free to select any broker you want to implement COFS' advice. If you wish to have COFS implement the advice on a discretionary basis, we recommend the clearing, custody and other brokerage services provided through Fidelity. Please refer to the section titled "***Best Execution***" of this Item for information on the factors we consider when selecting a broker-dealer. Transaction fees charged by Fidelity may be higher or lower than transaction fees we may be able to obtain if we implemented similar transactions through another broker-dealer, or if you implemented the transactions independently through another broker-dealer without the services of COFS as your investment manager.

Aggregation of Orders

Transactions implemented by COFS for client accounts are generally effected independently unless we decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as *aggregating orders*, *batch trading* or *block trading*. Typically, the process of aggregating client orders is done in order to achieve better execution, reduce brokerage costs, and to allocate orders among clients on a more equitable basis. The process seeks to avoid differences in prices and transaction fees or other transaction costs that might be incurred when orders are placed independently.

If we choose to aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Under this procedure, transactions will be averaged as to price and will be allocated among COFS clients in proportion to their purchase and sale orders with transaction costs shared on a pro rata basis. Proprietary accounts of COFS or its associates may be included in aggregated trades. Personal accounts of representatives, associated persons and family members will not be treated more favorably than any other client account.

You should be aware that if an order is not aggregated, you may or may not pay higher brokerage costs.

Best Execution

We will process brokerage security transactions through Fidelity so long as we determine that executing the transactions through them fulfills our duty of best execution. We consider the following factors when selecting a broker-dealer and determining the reasonableness of commissions:

- trade execution and operational capabilities,
- financial condition and business reputation,
- trade implementation costs,
- a dedicated service team,
- access to people, products and services,
- technology that enables the electronic downloads of trades, balances, transactions, and positions, and
- electronic availability of duplicate statements, confirmations, trade blotters and other reports.

Soft Dollars

While COFS does not have any formal soft dollar arrangements, as a direct benefit to COFS and its employees, Fidelity provides third-party and proprietary research on securities, online instructional tools, and access to discounts on third party compliance, technology and in-depth research services. Clients should be aware that the receipt of these types of economic benefits by COFS creates a conflict of interest and may indirectly influence the firm's recommendation of Fidelity for custody and brokerage services.

Handling Trade Errors

COFS has implemented procedures designed to prevent trade errors in client accounts; however, trade errors can occur. It is the policy of COFS to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the circumstances of the trade error, the client may not be able to receive any gains generated as a result of the correction.

If the error is caused by COFS, the client is made whole and any loss resulting from the trade error is absorbed by COFS. Generally, any gain resulting from the error is transferred to COFS' Trade Error account. On a quarterly basis, any net gains in the account are swept out by Fidelity and paid to a charity.

Item 13 – Review of Accounts

Financial Planning

Financial planning services terminate upon the completion of the contracted services. However, we recommend that you have your financial situation reviewed at least annually. If you choose to hire an IAR of the firm to undertake this review, we require a new planning agreement and additional fees may be charged.

Asset Management Services

Managed accounts are reviewed at least quarterly by COFS' Chief Investment Officer. Additionally, reviews may be triggered for other reasons such as:

- changes in a client's financial situation,
- changes in market conditions,
- an account(s) is out of balance, or
- at the request of a client.

Absent specific client instructions, we review accounts to monitor:

- that they are still meeting our clients' goals,
- that the holdings remain within our clients' risk tolerance levels,
- if the model portfolios need to be rebalanced, and
- if rebalancing is required to accommodate deposits or withdrawals.

Performance Reports and Account Statements

We contract with Orion, a third-party vendor of reconciliation, reporting and fee processing services, to provide your quarterly performance reports. These reports contain details of your investment holdings and performance, and summarize withdrawals, deposits, miscellaneous charges, and advisory fee information. You have access to these reports via electronic means unless you have requested traditional mail services.

Fidelity provides you with trade confirmations as trades occur or on a quarterly basis, the frequency of which is designated by you on your Fidelity account application for FIWS accounts. Statements are provided by Fidelity on a monthly or quarterly basis via electronic means or traditional mail services. If you choose to receive your FIWS statement(s) via traditional mail services, Fidelity will charge higher transaction fees on your account(s). See Item 15 for more information about your statements.

Item 14 – Client Referrals and Other Compensation

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

COFS may receive client referrals from current clients, attorneys, accountants, insurance agents, stockbrokers, and other professionals. We do not compensate for any referrals we receive. We also may refer clients to other professionals as the need arises. We do not accept referral fees or any other form of compensation for those referrals.

Item 15 – Custody

Regulators have defined Custody, as it applies to investment advisors, as having access or control over client funds or securities. Advisors deemed to have custody must ensure proper policies and procedures are implemented to safeguard its clients' assets. COFS does not maintain custody of your funds or securities other than the direct deduction of advisory fees from your accounts, which you authorize when you sign an Asset Management Agreement with us.

Fidelity maintains custody of your funds and securities in an account(s) based on your account registration name and type. You will receive statements at least quarterly from Fidelity. We urge you to carefully review your Fidelity statements and compare such official custodial records to the quarterly performance reports and invoice that we make available to you through Orion. Our statements may vary from Fidelity's statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Comparing statements allows you to determine whether account transactions, including deductions for advisory fees, are proper.

Item 16 – Investment Discretion

We require you to sign a written asset management contract at the outset of the advisory relationship allowing us to manage your investments on a limited discretionary basis. With limited discretion, we have the authority to select the identity and amount of securities to be bought or sold without obtaining your specific consent prior to the transactions. We exercise such discretion in a manner consistent with the investment objectives that you document in writing on your Asset Management Agreement, Financial Profile and/or Investment Policy Statement.

Item 17 – Voting Client Securities

COFS does not perform proxy voting services on your behalf. However, we will assist you with questions regarding your proxies. You are solely responsible for implementing final proxy voting decisions.

Item 18 – Financial Information

As a registered investment adviser with discretionary authority or custody of your assets (because we are authorized to deduct fees directly from your account), we are required to provide you with certain financial information or disclosures about our financial condition. We have no financial condition that impairs our ability to meet contractual and fiduciary commitments to you, and we have not been the subject of a bankruptcy proceeding. We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance.