

Item 1 – Cover Page

Butler Financial Services, Inc.

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July 1, 2021

Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” as required by the Investment Advisers Act of 1940 is a very important document between you (our Client) and us (Butler Financial Services, Inc.). This Brochure provides information about the qualifications and business practices of Butler Financial Services, Inc..

If you have any questions about the contents of this brochure, please contact Mark Butler (Chief Compliance Officer) at (303) 444-3380 or mark@butler-financial.org. 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.

Additional information on Butler Financial Services, Inc. is also available at the SEC’s website www.adviserinfo.sec.gov (click on the link, select “investment adviser firm” and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV. The Firm’s CRD# is: 118244. The Firm’s SEC File # is: 801-67862.

We at Butler Financial Services, Inc. are a registered investment adviser with the United States Securities & Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide you, including this Brochure, is information you use to

evaluate us (and other advisers) that are factors in your decision to hire us or to continue a mutually beneficial relationship.

Item 2 – Material Changes

Updated Filing on July 1, 2021

This is an amended filing of what was formerly known as “The New Part 2” of our Form ADV. This Document, dated July 1, 2021, has been updated to reflect that the firm is now registered with the US Securities and Exchange commission. This is an update to the filings of April 16, 2021 and prior years going back to the February 24, 2012 filing, the latter of which was developed in response to the (then) new requirements adopted and imposed by the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940 (IA Act).

As a matter of course, this section of the Brochure addresses only those “material changes” to our policies and practices since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov.

As of June 30, 2021, the firm is registered with the US Securities and Exchange Commission.

There are NO material changes made to this document since its last (4/16/21) filing.

Please note: we may, at any time, make material changes to this Brochure. In such an instance, we will either send you a copy or offer to send you a copy (either by electronic means or in hard copy format).

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or contact our Chief Compliance Officer, Mark Butler, at (303) 444-3380 or mark@butler-financial.org.

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Item 4 – Advisory Business

Services Offered

Butler Financial Services, Inc. (BFS) primarily provides investment management services, and some financial planning, to individuals, families, and institutional investors. Our clients include individuals, families, trusts, corporations, profit-sharing plans, charitable organizations, endowments and foundations. The firm has been in business since 1996.

Investment Management: Approximately 90% of our work is related to investment research and management for our clients. Client investments are typically managed on a discretionary basis. See below for more information on discretionary and non-discretionary management of BFS client investments.

Wealth Management: The following services fall under the header of wealth management, and are exclusively available to our investment management clients:

- Financial planning, which addresses issues such as insurance and retirement modeling, as well as wealth transfer and liquidity & cash flows management issues.
- Budget counseling, wherein the firm assists the Client in the crafting of a budget, identifying modes of tracking expenditure (i.e. via Quicken, Quickbooks, Mint etc.), and from time to time meets with the Client to review how it's going.
- Family office services, which may include budget/expense tracking services, financial planning & administration, as well as the monitoring of assets such as real estate investments and other small business or private investments.

These activities take up approximately 10% of our time.

Financial Consulting: From time to time we provide consulting services to individuals and families, typically on an ad hoc basis because the client wishes to dive into a particular financial issue, and this is almost always done for existing investment management clients. The responsibility for implementation, if applicable, falls to the consulting client.

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The firm is compensated for all services only by the fees charged to the client. The firm receives no commissions of any sort.

Investments are typically managed on a discretionary basis by Butler Financial Services, Inc.. This means we typically have the right, without obtaining specific client consent, to determine the securities that are bought or sold in client accounts, and the amounts of those transactions.

However, this discretion is generally limited to general securities, mutual funds, variable annuities, options, bonds, certificates of deposit, government securities, and other publicly-traded marketable securities of a similar nature. Our discretion is further limited in that we cannot withdraw funds from client accounts, other than for management fees.

It is the firm's process to establish an investment policy statement (ideally written) with the client, reflective of the client's risk profile and the returns sought by the client. Once the policy is crafted, there is the matter of implementation. This is the context by which the firm manages client assets on a discretionary basis: to implement the investment plan.

Discretionary Authority: When the Advisory Client authorizes Butler Financial to trade (i.e. buy, sell, transfer) the investment holdings in the Advisory Client's account(s), and does so by dint of limited power of attorney forms and applications and other approved letters that are submitted to and approved by the custodian/broker (i.e. Charles Schwab & Co. or a 401k plan administrator); and when the Advisory Client also authorizes this activity by dint of an Advisory Services contract with the Firm - then The Advisory Client is in effect authorizing Butler Financial to manage these accounts in a discretionary manner.

In cases where the Client does not want Butler Financial to implement in a discretionary manner, or when Butler Financial cannot manage on a discretionary basis due to lack of limited power of attorney access to specific accounts, then the responsibility for making trades or investment transfer on such account(s) falls solely to the Client. The Firm will make recommendations, but it will be the responsibility of the Client to take action on them.

The principal owners of the firm are Mark Butler and Mikyo Butler.

As of April 14, 2021, the firm managed approximately \$116.1 million (approx. \$114.7M on a discretionary basis and approx. \$1.4M on a non-discretionary basis) in assets.

Item 5 – Fees and Compensation

Investment Management: Fees are typically calculated as an annual percentage of the assets under management. The annual negotiable fee range is: 1.00% up to \$3 million; and 0.75% above \$3 million in assets. Fees for investment management are negotiable. The fees can also be fixed or “flat”, and will typically take into consideration both the amount of assets under management and the complexity of the client’s situation (to wit, the custom investment management services required). In either case, the fee is paid quarterly at the start of each quarter *for the advisory services to be provided in the upcoming quarter*. Now, if the Advisory Client or the Advisor discontinues the relationship in a given quarter, the Firm will refund any pre-paid fees on a pro-rata basis. Conversely, if the relationship is terminated in a quarter in which the fee has not been collected, the Client will be responsible to pay on a pro-rata basis the fee for services that were rendered during that period.

Wealth Management Services: The fee is negotiated with the client, and specific to the on-going services to be provided. In the case of budget counseling, there typically is a set-up. The fee is paid quarterly, at the start of the quarter *for the service(s) to be provided in the upcoming quarter*. Now, if the Advisory Client or the Advisor discontinues the relationship in a given quarter, the Firm will refund any pre-paid fees on a pro-rata basis. Conversely, if the relationship is terminated in a quarter in which the fee has not been collected, the Client will be responsible to pay on a pro-rata basis the fee for services that were rendered during that period.

Financial Consulting Services: The fee is \$325 per hour. Fees are billed after the service has been provided. If the contracted relationship is discontinued, the Client will nevertheless be responsible to pay the Firm for any financial consulting services provided up to the point of termination.

In all cases, if a client or advisor discontinues the advisory relationship, ANY prepaid fees will be refunded on a pro-rata basis.

Fee Payment Options

As indicated in our advisory services agreement with our Clients, there are two options the Client may select to pay for our services:

- Direct Debiting (preferred by the firm): At the inception of the relationship and each quarter thereafter, we will notify the custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee, its calculation or the asset on which the fee is based. The custodian will “deduct” the fee from the Client Account(s) or, if the Client has more than one account from the account he/she designated to pay our advisory fees.
 - Each month, the Client will receive a statement directly from the custodian showing all transactions, positions and credits / debits into or from Client accounts, including the advisory fee paid to us.
 - This will only be permitted when the Advisory Client authorizes this agreement in writing – via the executed forms, applications, and authorizations of the Custodian or Plan Administrator.
 - The Firm also sends a copy of the quarterly fee invoice to the Client. The bill shows the amount of the fee, how it was calculated, and, if applicable, the value of the assets (and date valued) upon which the bill is based.
- Pay-by-check: At the inception of the Account and each quarter thereafter, we issue to the Client an invoice for our services and the Client pays us by check or wire transfer within 15 days of the date of the invoice.

Also, as conveyed in the Firm’s advisory services agreement with its Clients,

The Advisory Client will receive statements directly from the brokerage company, mutual funds and other money managers, as appropriate.

The Firm sends a copy of the bill to the client and, when appropriate, the custodian too. At least quarterly the custodian notifies the client of how much has been paid to the advisor.

Additional Fees and Expenses

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities in your Account(s). The following list of fees or expenses are what

you pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management. Fees charged are by the broker dealer / custodian. We do not receive, directly or indirectly, any of these fees charged to you. They are paid to your broker, custodian or the mutual fund or other investment you hold. The fees include:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF); and Exchange Traded Funds (ETFs);
- Advisory fees charged by sub-advisers (if used);
- Custodial fees;
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Deferred sales charges (on MFs);
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups / mark-downs on security transactions.

In addition, we do not have or employ any “Employee” that receives (directly or indirectly) any compensation from the sale of securities or investments that are purchased or sold for your account or for any of your non-discretionary accounts. As such, we are a “fee only” investment adviser. We do not have any potential conflicts of interest present that relate to any additional or undisclosed compensation from you or your assets that we manage.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance fees). Our advisory fee compensation is charged only as disclosed above (Item 5).

Item 7 – Types of Clients

We provide our services to a number of Clients:

- Individuals, including high net worth individuals
- Trusts, estates and charitable organizations
- Corporations or other business entities
- Not for Profit entities (i.e. educational endowments)
- Profit-Sharing Plan participants

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

Analysis

We provide guidance on most types of investment securities. This includes all types of stocks, bonds, and mutual funds, and may also include certificates of deposit, real estate, life insurance, annuities, warrants, options, derivatives, hedge funds, and other private equity investments.

To select investments, we use fundamental analysis; this is to say, we focus on the underlying fundamental characteristics of each investment. We also track “market elements” such as institutional and individual asset positions, money flows, as well as monitoring liquidity risk. Some technical analysis is employed to identify longer term trends and shorter term price action. Our sources of information primarily come from paid subscriptions to financial databases and publications. We also review financial newspapers, magazines, company reports, SEC filings, press releases, research materials prepared by other firms, and data available over the internet.

Investment Strategy

At the core of our investment approach is creating an Investment Policy with the client that is in line with the client’s risk profile counter-balanced by the desired return for investments. Asset allocation is central insofar as we believe in the Modern Portfolio thesis that return is predominantly a function of the risk attributable to a given asset class and, by extension, the risk inherent in a given mix of those asset classes in the investment portfolio. As such, there is a strong emphasis in the portfolios toward the use of “passive investment” (a.k.a. the use of “index” tracking funds and Exchange Traded Funds that track market benchmarks). In a complementary role we do invest in individual stocks and bonds, and will invest in actively managed funds where we believe there is value brought to the portfolio.

Our investment approach is intermediate to long term, and of course depends on the particular client’s goals and objectives. We aim to keep trading to a minimum as generally we believe in the benefits of “passive investing,” of keeping trading costs to a minimum, and minimizing tax liability. That said, in some cases we will execute short-term trading strategies. The use of “stop-sells” under particular positions is the most salient example of this. In other instances, we may enter into a short sale or an option contract in order to address the specific needs or desires of a client. Clients may elect to use the margin borrowing features on their account at their discretion, although most do not.

Risk of Loss

All investments in securities include a risk of loss of your principal (invested amount) and of any profits that have not been realized (the securities that have not been sold to “lock in” the profit.) Stock markets and bond markets and other investments (i.e. commodities) fluctuate substantially over time. In addition, as recent global and domestic economic events have shown, performance of any investment is not guaranteed. This is to say, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets.

Item 9 – Disciplinary Information

We do not have any legal, financial or other “disciplinary” item to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to commence a Client / Adviser relationship or to continue a Client / Adviser relationship with us.

This statement applies to our Firm and every employee.

Item 10 – Other Financial Industry Activities and Affiliations

Mikyo Butler is a CFA® charterholder. That is to say, he holds the Chartered Financial Analyst® designation.

CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

Item 11 – Code of Ethics

As required by regulation and because it's best business practice, we have adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you, our Client, which we believe is the cornerstone of our relationship with our clients. Our Code also is established to detect and prevent violations of securities laws.

The firm's Code of Ethics is comprehensive. It is distributed to each employee at the time of hire, and is reviewed at least annually (and whenever there are updates or changes). We supplement the Code with annual training and/or on-going monitoring of employee activity.

Our Code includes the following:

- Requirements related to the confidentiality of Client information
- Prohibitions on:
 - Insider Trading
 - Rumor circulation
 - The acceptance of excessive gifts and entertainment
- Reporting of gifts and business entertainment
- Pre-clearance of employee and firm transactions
- Reporting and reviewing on a quarterly basis the on-going personal securities transactions (a.k.a. the "reportable securities" as mandated by regulations)
- On an annual basis, we require all employees to re-certify to the firm's Code of Ethics, and to disclose all reportable securities owned at that time. They also identify members of their household and any account in which they have a beneficial ownership interest (i.e. they own the account or have authority over the account).

Our Code does not prohibit personal trading by employees or our firm. That being said, as a professional investment adviser we follow the same strategies for ourselves as we recommend for our clients. As a result, we may from time to time purchase or sell securities that we recommend to clients. This is deemed no conflict of interest as the securities are widely held and publicly traded and such trades are too small (by investors/advisers) to affect the market. In implementation we always aim to place the client's interests before our own. In practice, employee or firm trades will be included in a block or bunched trade with client purchases, or such trades will be executed after client trades have been completed.

You may request a complete copy of the firm's Code of Ethics by contacting Mark Butler (Chief Compliance Officer) at mark@butler-financial.org.

Item 12 - Brokerage Practices

Brokerage Firm Arrangements

Clients wishing to implement the firm's advice are free to select any broker they wish, and are so informed. Those seeking a recommendation from the firm about which broker to use will get a recommendation based on the broker's discounted trade commissions, skills, reputation, dependability, as well as the array of lower cost "institutional-only" mutual fund shares, web access, electronic trading, accurate order execution, convenient office locations, financial strength, substantial insurance, responsive customer service, and familiarity to clients.

Note: Clients may be able to obtain lower commissions and fees from other brokers, and the value of products, research, and services potentially offered to the firm would not be and in fact is not a factor in determining the recommendation of broker/dealers or the reasonableness of their commissions.

Butler Financial Services, Inc. currently has two institutional relationships with "deep discount" brokers: Charles Schwab, Inc. and TD Ameritrade. Through these broker services, the applicant seeks best execution through the use of bunched trades (a.k.a. block trades).

Discretionary Trading Authority

Butler Financial Services, Inc. manages client accounts on a discretionary basis. This means we typically have the right, without obtaining specific client consent, to determine the securities that are bought or sold in client accounts, and the amounts of those transactions.

However, this discretion is generally limited to general securities, mutual funds, variable annuity options, bonds, certificates of deposit, government securities, and other publicly-traded marketable securities of a similar nature. Our discretion is further limited in that we cannot withdraw funds from client accounts, other than for quarterly management fees.

Item 13 – Review of Accounts

Account Reviews

Client accounts are monitored on an ongoing basis. All are reviewed in a similar manner. Detailed communications on investments are done in person, on the phone, or in writing by Mark Butler and/or Mikyo Butler, and typically occur once or twice per calendar year. Such communications usually include portfolio detail of holdings, current asset allocation and how that compares to the client's investment policy, and the performance of the portfolio for the given period with reference to the performance of benchmark (market or constructed index) data. Trading on accounts is executed by Mikyo Butler and Mark Butler. Accounts are monitored by Mark Butler, president of the firm, and Mikyo Butler, analyst and trader. All strategic investment decisions are made by Mark Butler and Mikyo Butler, and implementation decisions are made by both Mark Butler and Mikyo Butler.

From time to time, the firm will track and/or monitor investment accounts that are under the discretionary management of another investment advisory firm. In such cases the accounts will be reviewed in a timely manner when the information is provided to the firm; most often this is done after receipt of duplicate copies of statements, be they in the form of brokerage accounts or communications from general partners of investments, etc..

As noted earlier, for individuals who receive consulting services from the firm, there is no ongoing supervision of investment accounts; and, responsibility for implementation of any recommendations lies solely with the consulting client and not with the firm.

Item 14 – Client Referrals and Other Compensation

Referrals & Avoiding Potential Conflicts of Interest

The firm does not have any formal or informal referral agreements in place with any entity, individual, or professional (i.e. attorney, accountant). In its role as a fiduciary, the firm has referred clients to other professionals based on what it deems best for the client, emphasizing the expertise of the professional and the compatibility of the personalities (between client and professional).

From time to time, such professionals have also referred prospective clients to the firm. While, as stated, there is no formal or informal referral agreement in place, it should be stated that inherent in this activity is a potential conflict of interest. As a general “best business” practice, the firm has recommended to the client more than one professional in a given area of expertise; and more often than not, the firm has not, to its knowledge, received economic benefit in the form of receiving referrals back from the professionals to whom it has referred clients.

Independence

BFS, Inc. does not receive any monetary compensation from any source other than the asset based, fixed, and hourly fees paid by clients. BFS, Inc. does not sell any investment products or receive any commission income.

Item 15 – Custody

We do not have custody over client assets.

The custodian (a.k.a. the broker or broker-dealer) sends you statements, typically on a monthly basis. For meetings and reviews we will prepare summary of accounts, and occasionally the values on the custodian's statements may differ slightly to what we have prepared, even though we have used data delivered to us by the brokerage firm. The reason is that if any trade occurs within 3 days of the month's end, the brokerage firm may or may not show that new holding (or sale of existing holding) in the account until it has settled, which could take up to 3 days. Our internal portfolio tracking software, however, does not employ such discretion and reconciles the account showing the effect of the trades as in the account regardless of whether the trades have officially settled.

Direct Debiting is addressed in Item 5. It is noted again here insofar as you the client give the firm permission to directly debit fees from client accounts. This is done on a quarterly basis, and we notify the custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee, its calculation or the asset on which the fee is based. The custodian will "deduct" the fee from your Account(s) or, if you have more than one account from the account you have designated to pay our advisory fees. Each month, you will receive a statement directly from your custodian showing all transactions, positions and credits / debits into or from your account, including the advisory fee paid by you to us.

Item 16 – Investment Discretion

Discretionary Trading Authority

Butler Financial Services, Inc. manages client accounts on a discretionary basis. This means we typically have the right, without obtaining specific client consent, to determine the securities that are bought or sold in client accounts, and the amounts of those transactions.

However, this discretion is generally limited to general securities, mutual funds, variable annuities, options, bonds, certificates of deposit, government securities, and other publicly-traded marketable securities of a similar nature. Our discretion is further limited in that we cannot withdraw funds from client accounts, other than for management fees.

It is the firm's process to establish an investment policy statement (ideally written) with the client, reflective of the client's risk profile and the returns sought by the client. Once the policy is crafted, there is the matter of implementation. This is the context by which the firm manages client assets on a discretionary basis: to implement the investment plan.

Discretion: When the Advisory Client authorizes Butler Financial to trade (i.e. buy, sell, transfer) the investment holdings in the Advisory Client's account(s), and does so by dint of limited power of attorney forms and applications and other approved letters that are submitted to and approved by the custodian/broker (i.e. Charles Schwab & Co. or a 401k plan administrator); and when the Advisory Client also authorizes this activity by dint of an Advisory Services contract with the Firm - then The Advisory Client is in effect authorizing Butler Financial to manage these accounts in a discretionary manner.

In sum, Butler Financial will implement the investment plan and, ongoing, will manage accounts in a discretionary manner *whenever* the Client authorizes the Firm - via the custodian's form and application - in this way.

In cases where the Client does not want Butler Financial to implement in a discretionary manner, or when Butler Financial cannot manage on a discretionary basis due to lack of limited power of attorney access to specific accounts, then the responsibility for making trades or investment transfer on such account(s) falls solely to the Client. The Firm will make recommendations, but it will be the responsibility of the Client to take action on them.

Item 17 – Voting Client Securities

We as investment advisers neither vote on proxies nor provide advice on the voting of such proxies.

Item 18 – Financial Information

There are no disclosures required here as the firm does not in its practices exceed the threshold of advanced client payments.

Item 19 – Requirements for State-Registered Advisers

Not applicable. Advisers are presently registered with the United States Securities & Exchange Commission.