



ADIRONDACK
Financial Services, Corp.

Adirondack Financial Services, Corp

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Form ADV, Part 2 Brochure

This brochure provides information about the business practices of Adirondack Financial Services, Corp. If you have any questions about the contents of this brochure, please contact 315-624-2624. The information in this brochure has not been approved or verified by the United States Security and Exchange Commission or by any state securities authority.

Additional information is also available on the SEC's website at www.advisorinfo.sec.gov

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Advisory Business

Adirondack Financial Services was founded in 2000 and currently has sixteen full time employees and 4 part-time employees with 10 of those employees working in Investment Advisory Services. In August of 2007 AFS welcomed William F. Locke, CFA as the new Chief Executive Officer of the company.

Adirondack Financial Services is a privately owned Corporation. It is owned by Harold T. Clark Jr. Mr. Clark owns several other local companies that are separate and distinct entities and are not affiliated with AFS.

We provide Investment Advisory Services Company and provide portfolio management for individuals, businesses, not for profit corporations and institutional clients. We also provide financial planning, pension consulting, 401k investment advice and Trust management. We have discretionary as well as non-discretionary accounts.

Our advice is tailored to each individual client. An investment manager speaks with the client and discusses their investment objectives their individual circumstances and needs. Together and investment policy statement is agreed upon which also helps to determine the asset allocation for the account. This IPS is revisited with client during reviews and as their personal situation changes. Clients may impose restrictions on investing in certain securities or types of securities if they so wish.

Clients may choose a discretionary account or a non-discretionary account. A discretionary account allows the investment manager to rebalance and make changes to the clients account according to their IPS without having express consent each time. A non-discretionary account requires that a client give express permission prior to any changes, modifications of trades are done in their account.

AFS has \$ 336,407,562 in discretionary accounts as of 12/31/2020

AFS has \$ 22,383,535 in non-discretionary accounts as of 12/31/2020

Fees and Compensation

Investment Advisor Representatives conducting business through Adirondack Financial Services do not earn commissions, but rather a fee for service and must follow a “fiduciary” standard, the highest industry standard. Under the fiduciary standard, an Investment Advisor Representative must provide advice to their clients ahead of their own interests.

Adirondack Financial Services Standard Fee Schedule:

- 1% for the first \$1,000,000 in assets managed
- 0.85% for the next \$2,000,000 in assets managed
- 0.65% for the assets managed in excess of \$3,000,000

Fees may be deducted from your account or billed on a monthly basis per the client’s preference.
Fees may be negotiable.

Clients may also pay a mutual fund and or securities trading fee assessed by Pershing LLC. AFS does not receive these fees.

Methods of Analysis, Investment Strategies & Risk of Loss

Investing in securities always involves some risk of loss of principal. Historical performance does not guarantee future results.

The investment policy statement is used to determine asset allocation.

Adirondack Financial Services has a defined investment research process that we follow. Example: When selecting mutual funds we use a quantitative and qualitative approach:

- Quantitative
 - Uses a mutual fund universe of 27, 336 funds
 - Screening process is used to reduce the number of candidates for the qualitative step
 - Quantitative “screen” has 1623 possible data points to review
 - Screen Includes:
 - *Morningstar* Research
 - Past Performance
 - Portfolio Statistics (Sharpe Ratio, Beta, Alpha, R-squared, etc.)
 - Category / Universe Comparison
 - Manager Tenure
 - Fund Size
 - Goal is to reduce the number of funds for initial qualitative screening
- Qualitative
 - Factors Examined:
 - How was performance obtained? (i.e. stock selection, individual position size, sector weighting, trading, etc.)
 - In-depth review of manager (i.e. tenure, experience, turnover, etc.)
 - Style Drift
 - Investment Process
 - Fit into AFS’s macro-economic outlook
 - Fund History
 - Prospectus
 - Goal is to identify and select appropriate investments

The same process is followed in our security selection.

Other Financial Industry Activities & Affiliations

Adirondack Financial Services has 5 employees that are registered representatives with a broker dealer. Daniel Ficano, William Kline, Janice Owens, Frances Parent and Patricia Rugari are securities licensed and are supervised by Hazard & Siegel LLC which is a licensed broker dealer. AFS and H&S are separate and distinct companies and are in no way affiliated.

AFS operates a licensed insurance agency under the assumed name of AFS Agency (the Agency") the Agency operates fixed life and annuities, long term care, health, dental, vision, and disability insurance coverage. AFS Corp's associated persons are separately registered as insurance agents and/or brokers for various insurance companies, and in this separate capacity, these persons may receive separate and customary compensation for implementing recommended insurance transactions. No client is obligated to use these individuals for these services.

Code of Ethics

AFS has a strong and lengthy Code of Ethics policy for its employees. Clients or prospective clients may request a copy of our Code of Ethics policy at any time. Each employee receives a copy of the full policy in writing and must sign an acknowledgement of understanding and compliance every year. Employees also attend meetings specifically discussing the code of ethics and staff meetings regularly have discussion of the topic to reinforce its importance.

Code of Ethics

Management Oversight, the Advisers Act imposes a fiduciary duty on investment advisers. As a fiduciary, AFS has a duty of utmost good faith to act solely in the best interests of each of our clients. Our clients entrust us with their funds, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all of our dealings. This fiduciary duty is the core principle underlying this Code of Ethics and Personal Trading Policy, and represents the expected basis of all of our dealings with our clients. AFS will utilize the CFA Institute's Code of Ethics and Standards of Professional Conduct as a reference.

A. Standards of Conduct

This Code of Ethics consists of the following core principles:

1. The interests of clients will be placed ahead of the firm's or any employee's own investment interests.
2. Employees are expected to conduct their personal securities transactions in accordance with the Personal Trading Policy and will strive to avoid any actual or perceived conflict of interest with the client. Employees with questions regarding the appearance of a conflict with a client should consult with the CCO before taking action that may result in an actual conflict.
3. Employees will not take inappropriate advantage of their position with the firm.
4. Employees are expected to act in the best interest of each of our clients.
5. Employees are expected to comply with federal securities laws such as the Investment Advisors Act of 1940, Investment Company Act of 1940, the Securities Act of 1933, etc.

Strict adherence to this policy will assist the employee in complying with this important requirement.

From time to time the firm may recommend securities that the firm or its principals own.

From time to time the firm may recommend securities that the firm and/or its principals already own.

Review of Accounts

Accounts are reviewed on a minimum of a semiannual basis. A compliance review is done every six months on every account.

However there are three (3) main triggers that may cause a review to happen outside of its normal schedule:

1. Client specific – normally a liquidity event where the client is either requesting funds or depositing funds. This is usually “life event” specific. In either case, an account review is performed in order to determine the best way to execute the client’s wishes.
2. Economic trigger – changes in the overall economy may change the firm’s outlook for various asset classes, triggering a client review.
3. Security/Fund trigger – an outlook for a particular security or fund may change, necessitating a review of all accounts that hold said security/fund.

William Locke, John Clark, Patricia Rugari and Daniel Ficano have the responsibility and authority to perform both regular and “trigger” reviews of accounts.

Reviews with clients are performed with the frequency detailed in the client investment policy statement. During account reviews the portfolio manager will review the client’s asset allocation, account performance, the current economic environment as well as discussing and new developments in a client’s life that should be incorporated.

Clients receive statements from their custodian on a monthly or quarterly basis.

Custody

Adirondack Financial Services does not custody assets.
Pershing Advisor Solutions provides custody services for AFS.

Adirondack Financial Services Corp. (“AFS”) offers the Managed Assets Program (the “Program”) to suitable clients who seek advice regarding the development of investment strategies and the selection and monitoring of independent money managers (“Managers”) and/or mutual funds (Funds”) together with brokerage and custodial services. AFS provides the program through an agreement Pershing Advisor Solutions (PAS), a clearing and custodial services firm.

Clients in the program enter into an agreement with AFS. Some managers and funds may have a master agreement with PAS, which allows AFS and its clients access to their programs. In those situations, neither AFS or PAS exercise investment discretion over assets allocated to said managers and/or funds; rather each manager and/or fund acts as a discretionary advisor for the assets assigned to that manager and/or fund by clients in the program.

Account transactions are typically directed through the clients account through PAS. However, some managers may trade with other brokers other than PAS in order to achieve best execution, obtain a wider variety of issues and/or to take advantage of favorable mark-ups or mark-downs. Transactions through brokers other than PAS may result in additional commission or transaction charges to the client.

Client Discretion

Clients may choose a discretionary account or a non-discretionary account.

A discretionary account allows the investment manager to rebalance and make changes to the clients account according to their IPS without having express consent each time. There are no explicit limitations on AFS's discretion to manage accounts. However, each client's investment policy statement lays out how the account will be managed.

In this investment policy statement there are sections for specifically detailing any constraints. These constraints are handled on a case by case basis.

A non-discretionary account requires that a client give express permission prior to any changes, modifications of trades are done in their account.

Proxy Voting

Adirondack Financial Services votes all proxies for their clients.

The proxy voting policy is designed to ensure proxies are voted in the clients' best economic interest. Research is done on each proxy received and a written recommendation is made to the investment policy committee on how to vote. Once the committee has agreed on how to vote, it is approved and a representative votes the proxies. Records are kept of each proxy, recommendation, approval and vote.