

**DISCLOSURE BROCHURE**  
PREPARED IN COMPLIANCE WITH  
THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3(A)

# Association Financial Services, Inc.

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This brochure provides information about the qualifications and business practices of Association Financial Services, Inc.. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 801-274-1820. 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.

Additional information about Association Financial Services, Inc. (CRD #142205) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**MARCH 25, 2021**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

Since our firm's last annual amendment filed on March 26, 2020, there have been no material changes.

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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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## Item 4: Advisory Business

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### Firm Description

Association Financial Services, Inc. ("The Firm") was founded in 2004 and began offering advisory services in October 2007. Martin A. Watkins is the majority owner.

The Firm is a registered investment adviser that provides financial planning and investment counseling services to individuals, corporations, small businesses, 401(k), pensions and profit sharing plans, estates, trusts, and institutional clients. The Firm does business as TrueNorth Wealth, TrueNorth Retirement Services, and Idaho Medical Association Financial Services. The Firm provides comprehensive financial planning to clients. This includes the five areas of financial planning, which are Protection, Estate Planning, Income Tax Planning, Retirement Income Planning and Investment Planning. The Firm does not have investment discretionary authority on any accounts. In other words, we neither custody client assets nor execute trades at the third-party custodians SEI Private Trust Company "SEI" or TD Ameritrade without client consent.

Clients may at any time add funds or securities to their accounts, withdraw funds or securities from their accounts, or close their accounts. There are no lock-up provisions.

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### Types of Advisory Services

The Firm provides investment supervisory services, also known as asset management services and furnishes financial planning and investment advice through consultations

### ASSET MANAGEMENT

The Firm offers non-discretionary direct wrap asset management services to advisory clients custodied at SEI. In a wrap fee program, clients are charged one fee which incorporates asset management and brokerage services. More information regarding this service can be found in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). The Firm also offers traditional asset management services for clients custodied at TD Ameritrade. In a traditional asset management services, clients are charged an asset management fee and separately pay for brokerage services.

### ERISA PLAN SERVICES

The Firm provides service to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans. The Firm may act as either:

1. *Limited Scope 3(21) Fiduciary*. The Firm typically acts as a limited scope 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using The Firm can help mitigate that plan sponsor's liability by following a diligent process.
2. *3(38) Investment Manager*. The Firm can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. The Firm would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

### INSTITUTIONAL CONSULTING

The Firm offers consulting advice, counsel and recommendations to institutional clients on a case-by-case basis. These services include but are not limited to general advice, counsel, and recommendations to staff, governing boards, and investment advisory committees on a

variety of matters. The Firm will analyze, evaluate, and help to improve investment options, underlying investments, asset allocation strategies, and objectives based on age groups of its beneficiaries as well as allocation for risk reduction.

#### FINANCIAL PLANNING AND CONSULTING

Services can include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management and/or consulting, education funding, retirement planning, and estate planning.

Normally, financial planning is provided in conjunction with investment management services, with the client's investment management fee also covering the planning work. The Firm does not actively seek financial planning-only engagements, but may offer them at its sole discretion. In this case, the client will compensate The Firm on an hourly fee basis detailed under the "Fees and Compensation" section of this brochure.

The Firm gathers information for financial planning through personal interviews, which may take place in person or by phone, electronic mail, or other means. Related documents supplied by the client are carefully reviewed, and The Firm may provide a financial planning questionnaire. Often, a written financial plan report is prepared. From time to time, clients may request ad hoc consultation on individual planning topics, and a written report may not be necessary.

Should a client choose to implement the recommendations in the plan, The Firm suggests the client work closely with his/her attorney, accountant, insurance agent, or other professional(s) as may be necessary. Implementation of financial plan recommendations is entirely at the client's discretion, and the client is under no obligation to effect transactions through The Firm.

#### EDUCATIONAL SEMINARS/WORKSHOPS

The Firm holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given. The Firm does not charge a fee for attendance to these seminars.

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#### Client Tailored Services and Client Imposed Restrictions

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

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#### Wrap Fee Programs

Our firm offers and sponsors a wrap fee program. Asset Management services are offered through wrapped accounts and non-wrap accounts, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. There is no difference between how accounts in the wrap-fee program and accounts outside of the wrap-fee program are managed. Please see our Wrap Fee Program Brochure for more information.

## Client Assets under Management

As of December 31, 2020, the Firm has approximately \$493,363,966 of client assets under management on a non-discretionary basis. As of December 31, 2020, the Firm also has approximately \$167,745,376 in assets to which it provides ERISA plan services.

## Item 5: Fees and Compensation

### Method of Compensation and Fee Schedule

For most clients, the Firm's compensation derives from investment advisory fees on assets that are managed by the firm on behalf of the client. Clients pay the Firm a management fee (investment advisory fee) calculated as a percentage of the market value of an account. The Firm's compensation does not include various fees charged to clients by the client's custodian which is either SEI Private Trust Company, hereafter "SEI," or TD Ameritrade. We are a fee-only planning and advisory firm. The firm seeks to provide complete transparency with regard to fees and expenses. Clients receive a confirmation of each transaction clearly disclosing any fees, and regular statements detailing all activity and charges which includes the specific accounting for the investment advisory fee.

### ASSET MANAGEMENT

Gold Schedule			
Fee Schedule		Services	
Assets	Annual Fee	Quarterly Financial Reviews	No Cost
\$0 to \$250,000.99	0.78 of 1%	Retirement Analysis	No Cost
\$250,001 to \$2,000,000	0.72 of 1%	Investment Analysis	No Cost
\$2,000,000.01 to \$4,000,000	0.58 of 1%	Tax Analysis	No Cost
\$4,000,000.01 to \$5,000,000	0.48 of 1%	Insurance Review	No Cost
\$5,000,000.01 to \$10,000,000	0.43 of 1%	Social Security Analysis	No Cost
Thereafter	0.33 of 1%	Trust / Estate Review	No Cost
Silver Schedule			
Fee Schedule		Services	
Assets	Annual Fee	Bi-Yearly Financial Reviews	No Cost
\$0 to \$250,000.99	0.98 of 1%	Tax Analysis	No Cost
\$250,001 to \$1,000,000	0.92 of 1%	Investment Analysis	Fee May Apply
\$1,000,000.01 to \$2,000,000	0.78 of 1%	Retirement Analysis	Fee May Apply
\$2,000,000.01 to \$4,000,000	0.58 of 1%	Insurance Review	Fee May Apply
\$4,000,000.01 to \$5,000,000	0.48 of 1%	Social Security Analysis	Fee May Apply
\$5,000,000.01 to \$10,000,000	0.43 of 1%	Trust Review	Fee May Apply
Thereafter	0.33 of 1%	Estate Review	Fee May Apply

Fees to be assessed will be outlined in the advisory agreement to be signed by the client. Annualized fees are billed on a pro-rata basis monthly in arrears based on the value of the account(s) on the last day of the month. Fees are negotiable and will be deducted from client account(s). Adjustments will be made for deposits and withdrawals during the month. In rare cases, our firm will agree to directly invoice.

Please see our Wrap Fee Program Brochure for further information regarding fees and compensation for wrap asset management services.

#### ERISA PLAN SERVICES

The annual fees are based on the market value of the plan assets and will not exceed 1% of the value. The fee is charged in arrears. For services started any time other than the first day of a quarter, the fee will be prorated based on the number of days remaining in the initial fee period. Thereafter, the fee will be based on the market value of the Plan assets on the last business day of the previous fee period (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets) and will be due within ten (10) business day. If this Agreement is terminated prior to the end of the fee period, The Firm shall be entitled to a prorated fee based on the number of days during the fee period services were provided. Any unearned fees shall be refunded to the Plan or Plan Sponsor.

The compensation of The Firm for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. The Firm does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement.

#### INSTITUTIONAL CONSULTING

The Firm may be compensated for providing advice and consulting services to institutional clients. These fees are determined on a case-by-case basis and will be disclosed in writing in the agreement signed by both parties.

#### FINANCIAL PLANNING FEES

The Firm may also be compensated for planning services by the client on a pre-determined fixed fee basis. The Firm does complete financial plans as part of the investment advisory fee, and the Firm does have the flexibility to offer financial plans for a set fee and perform financial consulting work on an hourly basis. The charge for a financial plan typically ranges from \$1,000 - \$5,000, but may be more or less, depending on the nature and complexity of each client's circumstances.

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#### Client Payment of Fees

Investment management fees are billed monthly, in arrears, meaning that we debit you after the monthly billing period has ended. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Financial Planning fee will be negotiated in advance and will be set-out in each client's advisory contract. Final payment will be due in ninety (90) days.

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#### Additional Client Fees Charged

Custodians charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). These charges also include fees imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to

market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

Wrap clients will not incur transaction costs for trades by their chosen custodian. More information about this can be found in our separate Wrap Fee Program Brochure.

The Firm, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For more details on the brokerage practices, see Item 12 of this brochure.

Where applicable, clients may also pay fees to firms providing a web-based 401(k) solution to start-up and small plans. For more details with respect to such fees, see Item 10 of this brochure.

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#### Prepayment of Client Fees

The firm does not charge client fees in advance.

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#### External Compensation for the Sale of Securities to Clients

The Firm does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of The Firm.

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### **Item 6: Performance-Based Fees and Side-by-Side Management**

#### Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

The Firm does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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### **Item 7: Types of Clients**

#### Description

We serve private clients, corporate and business pension or profit sharing plans, and government agencies. The Firm's private clientele consists primarily of individual and high net worth individuals who have accumulated significant wealth, are about to retire or are already retired. These clients are typically physicians and surgeons, business owners, or key employees.

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#### Account Minimums

The Firm generally requires a minimum of \$300,000 to begin an advisory relationship. It believes that this is the minimum amount required to best execute its investment strategies for an individual portfolio. However, smaller accounts may be accepted at the discretion of management.

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### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

#### Methods of Analysis

The following methods of analysis are utilized by our firm when formulating investment advice and/or managing client assets:

**Fundamental Analysis:** The analysis of a business's financial statements (usually to analyze the business's assets, liabilities, and earnings), health, and its competitors and markets. When analyzing a stock, futures contract, or currency using fundamental analysis there are two basic approaches one can use: bottom up analysis and top down analysis. The terms are used to distinguish such analysis from other types of investment analysis, such as quantitative and technical. Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives: (a) to conduct a company stock valuation and predict its probable price evolution; (b) to make a projection on its business performance; (c) to evaluate its management and make internal business decisions; (d) and/or to calculate its credit risk.; and (e) to find out the intrinsic value of the share.

When the objective of the analysis is to determine what stock to buy and at what price, there are two basic methodologies investors rely upon: (a) Fundamental analysis maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by purchasing the mispriced security and then waiting for the market to recognize its "mistake" and reprice the security.; and (b) Technical analysis maintains that all information is reflected already in the price of a security. Technical analysts analyze trends and believe that sentiment changes predate and predict trend changes. Investors' emotional responses to price movements lead to recognizable price chart patterns. Technical analysts also analyze historical trends to predict future price movement. Investors can use one or both of these different but complementary methods for stock picking. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Modern Portfolio Theory ("MPT"):** A mathematical framework for assembling a portfolio of assets such that the expected return is maximized for a given level of risk, defined as variance. Its key insight is that an asset's risk and return should not be assessed by itself, but by how it contributes to a portfolio's overall risk and return. MPT assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists that has better expected returns.

The risk, return, and correlation measures used by MPT are based on expected values, which means that they are mathematical statements about the future (the expected value of returns is explicit in the above equations, and implicit in the definitions of variance and covariance). In practice, investors must substitute predictions based on historical measurements of asset return and volatility for these values in the equations. Very often

such expected values fail to take account of new circumstances that did not exist when the historical data were generated. Mathematical risk measurements are also useful only to the degree that they reflect investors' true concerns—there is no point minimizing a variable that nobody cares about in practice. MPT uses the mathematical concept of variance to quantify risk, and this might be justified under the assumption of elliptically distributed returns such as normally distributed returns, but for general return distributions other risk measures (like coherent risk measures) might better reflect investors' true preferences.

**Mutual Fund and/or Exchange Traded Fund (“ETF”) Analysis:** Analysis of the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. The underlying assets in a mutual fund or ETF are also reviewed in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the Client’s portfolio. The funds or ETFs are monitored in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as our firm does not control the underlying investments in a fund or ETF, managers of different funds held by the Client may purchase the same security, increasing the risk to the Client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the Client’s portfolio.

**Qualitative Analysis:** A securities analysis that uses subjective judgment based on unquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. Qualitative analysis contrasts with quantitative analysis, which focuses on numbers that can be found on reports such as balance sheets. The two techniques, however, will often be used together in order to examine a company's operations and evaluate its potential as an investment opportunity. Qualitative analysis deals with intangible, inexact concerns that belong to the social and experiential realm rather than the mathematical one. This approach depends on the kind of intelligence that machines (currently) lack, since things like positive associations with a brand, management trustworthiness, customer satisfaction, competitive advantage and cultural shifts are difficult, arguably impossible, to capture with numerical inputs. A risk in using qualitative analysis is that subjective judgment may prove incorrect.

The following investment strategies are used managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Asset Allocation:** The implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. A fundamental justification for asset allocation is the notion that

different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return. Although risk is reduced as long as correlations are not perfect, it is typically forecast (wholly or in part) based on statistical relationships (like correlation and variance) that existed over some past period. Expectations for return are often derived in the same way.

An asset class is a group of economic resources sharing similar characteristics, such as riskiness and return. There are many types of assets that may or may not be included in an asset allocation strategy. The "traditional" asset classes are stocks (value, dividend, growth, or sector-specific [or a "blend" of any two or more of the preceding]; large-cap versus mid-cap, small-cap or micro-cap; domestic, foreign [developed], emerging or frontier markets), bonds (fixed income securities more generally: investment-grade or junk [high-yield]; government or corporate; short-term, intermediate, long-term; domestic, foreign, emerging markets), and cash or cash equivalents. Allocation among these three provides a starting point. Usually included are hybrid instruments such as convertible bonds and preferred stocks, counting as a mixture of bonds and stocks. Other alternative assets that may be considered include: commodities: precious metals, nonferrous metals, agriculture, energy, others.; Commercial or residential real estate (also REITs); Collectibles such as art, coins, or stamps; insurance products (annuity, life settlements, catastrophe bonds, personal life insurance products, etc.); derivatives such as long-short or market neutral strategies, options, collateralized debt, and futures; foreign currency; venture capital; private equity; and/or distressed securities.

There are several types of asset allocation strategies based on investment goals, risk tolerance, time frames and diversification. The most common forms of asset allocation are: strategic, dynamic, tactical, and core-satellite.

- **Strategic Asset Allocation:** The primary goal of a strategic asset allocation is to create an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon. Generally speaking, strategic asset allocation strategies are agnostic to economic environments, i.e., they do not change their allocation postures relative to changing market or economic conditions.
- **Dynamic Asset Allocation:** Dynamic asset allocation is similar to strategic asset allocation in that portfolios are built by allocating to an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon. Like strategic allocation strategies, dynamic strategies largely retain exposure to their original asset classes; however, unlike strategic strategies, dynamic asset allocation portfolios will adjust their postures over time relative to changes in the economic environment.
- **Tactical Asset Allocation:** Tactical asset allocation is a strategy in which an investor takes a more active approach that tries to position a portfolio into those assets, sectors, or individual stocks that show the most potential for perceived gains. While an original asset mix is formulated much like strategic and dynamic portfolio, tactical strategies are often traded more actively and are free to move entirely in and out of their core asset classes

- **Core-Satellite Asset Allocation:** Core-Satellite allocation strategies generally contain a 'core' strategic element making up the most significant portion of the portfolio, while applying a dynamic or tactical 'satellite' strategy that makes up a smaller part of the portfolio. In this way, core-satellite allocation strategies are a hybrid of the strategic and dynamic/tactical allocation strategies mentioned above.

**Long-Term Purchases:** Our firm may buy securities for your account and hold them for a relatively long time (more than a year) in anticipation that the security's value will appreciate over a long horizon. The risk of this strategy is that our firm could miss out on potential short-term gains that could have been profitable to your account, or it's possible that the security's value may decline sharply before our firm makes a recommendation to sell.

**Mutual Funds:** A mutual fund is a company that pools money from many investors and invests that money in a variety of differing security types based on the objectives of the fund. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares are the fund's per share net asset value ("NAV") plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades. With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which is calculated daily after market close.

The benefits of investing through mutual funds include: (a) Mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities purchased by the fund; (b) Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.; (c) Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.; and (d) At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages: (a) Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distributions they receive. This includes instances where the fund performed poorly after purchasing shares.; (b) Investors typically cannot ascertain

the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades; and (c) With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds, however, are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit, and cannot use losses to offset these gains.

**Short-Term Purchases:** When utilizing this strategy, our firm may also recommend purchasing securities with the idea of selling them within a relatively short time (typically a year or less). Our firm does this in an attempt to take advantage of conditions that our firm believes will soon result in a price swing in the securities our firm purchase

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#### Investment Strategy

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an investments allocation acceptance form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases and trading.

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#### Security Specific Material Risks

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with The Firm:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *ETF & Mutual Fund Risk:* When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities, the ETF, or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Cybersecurity Risk:* Although the Firm has taken measures to decrease the risks associated with a cybersecurity event, the computer systems, networks and devices used by the Firm and its service providers potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. A cybersecurity breach could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information of clients and investors. A cybersecurity breach may also cause disruptions and impact business operations potentially resulting in a financial loss to a client.

## **Item 9: Disciplinary Information**

### **Criminal or Civil Actions**

The firm and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in any administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **Broker-Dealer or Representative Registration**

Neither The Firm nor any of its employees are registered representatives of a broker-dealer.

### **Futures or Commodity Registration**

Neither The Firm nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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Material Relationships Maintained by this Advisory Business and Conflicts of Interest  
Neither The Firm nor any of its employees have any relationships or conflicts of interest that are material to its advisory business or clients.

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Recommendations or Selections of Other Investment Advisors and Conflicts of Interest  
The Firm does not recommend or select other investment advisors.

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## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### Code of Ethics Description

The employees of The Firm have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of The Firm employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of The Firm. The Code reflects The Firm and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

The Firm policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of The Firm may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

The Firm' Code is based on the guiding principle that the interests of the client are our top priority. The Firm' officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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Investment Recommendations Involving a Material Financial Interest and Conflict of Interest  
The Firm and its employees do not recommend to clients securities in which we have a material financial interest.

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Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest  
The Firm does not buy securities from, nor sell securities to any investment advisory client. The Firm, and its officers, employees, and family members generally hold the same securities the Firm recommends for client accounts. The Firm prohibits itself and its associated persons from benefiting from the short-term market effects of transactions for

clients. Further, employees are required to disclose all reportable securities transactions as well as provide the Firm with copies of their brokerage statements.

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Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

The Firm does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide The Firm with copies of their brokerage statements. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

The Chief Compliance Officer of The Firm is Joseph Griffin. He reviews all employee trades 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 over employee transactions.

## **Item 12: Brokerage Practices**

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Factors Used to Select Broker-Dealers for Client Transactions

The Firm recommends the use of SEI or TD Ameritrade. The Firm selected these brokers based on a number of factors including but not limited to their relatively low transaction fees, investment products, overall cost to clients and reporting ability. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by The Firm.

- *Directed Brokerage*

In circumstances where a client directs The Firm to use a certain broker-dealer, The Firm still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: The Firm's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients and conflicts of interest arising from brokerage firm referrals.

- *Execution*

The Firm uses brokerage services of SEI and TD Ameritrade. Not all investment advisers require their clients to use the brokerage and custodial services of limited number of firms. The commissions and transaction fees charged by SEI and TD Ameritrade may be higher (or lower) than what other broker-dealers charge and this practice could cost clients more money. Further, in using only SEI and TD Ameritrade, the Firm could be unable to achieve the most favorable execution of client transactions.

The Firm participates in the institutional advisor programs (the "Programs") offered by SEI and TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. SEI and TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. The Firm receives some benefits from

SEI and TD Ameritrade through its participation in the Programs. (Please see the disclosure under Item 14 below.)

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Aggregating Securities Transactions for Client Accounts

The Firm does not aggregate trades. If the Firm does not combine transactions when it has the opportunity to do so, clients could pay higher brokerage costs.

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### **Item 13: Review of Accounts**

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Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

The Firm's financial advisors and compliance officer regularly monitor accounts to implement investment strategies that serve each client's investment objectives. At a minimum, accounts are reviewed quarterly. The nature of this review is to learn whether clients' accounts are in line with their investment objectives, and appropriately positioned based on market conditions. .

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Review of Client Accounts on Non-Periodic Basis

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

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Content of Client Provided Reports and Frequency

The Firm arranges for SEI and TD Ameritrade to furnish clients with confirmations of trades or debit/credit advice promptly after completion of any portfolio transaction for which the Firm has placed an order. The confirmations detail the principal amount and any other fees for each transaction. In addition, the Firm arranges for each client and/or client designated representative to receive regular account statements from the custodian showing the activity in each of the client's accounts and the market value of each security in the accounts. The Firm sends quarterly newsletters and other updates on markets information. The Firm generates a written performance report authored by the custodian, which is reviewed during quarterly client meetings and upon request, may provide additional reports showing the industry and sector diversification of a portfolio, the cost basis of securities held, realized capital gains and losses, and other portfolio information. In addition, through meetings, telephone calls, and letters, the Firm regularly keeps clients informed of the investment policy and strategy for achieving clients' investment objectives. The nature and frequency of these reports and other communications are determined primarily by the particular needs of each client.

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### **Item 14: Client Referrals and Other Compensation**

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Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

The Firm does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

As disclosed under Item 12. above, The Firm participates in SEI and TD Ameritrade's institutional customer programs and the Firm may recommend SEI and/or TD Ameritrade to Clients for custody and brokerage services. There is no direct link between The Firm's participation in the programs and the investment advice it gives to its Clients, although The Firm receives economic benefits through its participation in the programs that are typically not available to SEI and 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 Firm 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 Firm by third party vendors. Some of the products and services made available by SEI and TD Ameritrade through the programs may benefit The Firm but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at SEI or TD Ameritrade.

Other services made available by SEI and TD Ameritrade are intended to help The Firm manage and further develop its business enterprise. The benefits received by The Firm or its personnel through participation in the programs do not depend on the amount of brokerage transactions directed to SEI or TD Ameritrade. As part of its fiduciary duties to clients, The Firm 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 Firm or its related persons in and of itself creates a conflict of interest and may indirectly influence The Firm's choice of SEI or TD Ameritrade for custody and brokerage services. To mitigate this conflict of interest, the Firm periodically reviews the overall services provided by SEI and TD Ameritrade to ensure they are in the best interest of clients.

In an effort to keep clients informed as to the services the Firm offers and the various financial products we utilize, the Firm occasionally sponsors events in conjunction with SEI or TD Ameritrade. These events are educational in nature and are not dependent upon the use of any specific products. While a conflict of interest may exist given that these events are at least partially funded by custodians, all funds received from the sponsors are used for the education of clients, and the Firm will always adhere to our fiduciary duties in selecting appropriate investments for clients.

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#### Advisory Firm Payments for Client Referrals

The Firm as a matter of policy and practice, may compensate persons, i.e., individual or entities, for the referral of advisory clients to the firm provided appropriate disclosures and regulatory requirements are met.

In fact, The Firm has an agreement with Idaho Medical Association (IMA) under which IMA has agreed to provide opportunities for The Firm to obtain IMA members as advisory clients. In return, The Firm has agreed to pay IMA five percent of the gross annual revenue received from IMA members who become advisory clients. This arrangement creates a relationship where IMA is acting as a "solicitor" as defined under Rule 206(4)-3.

### **Item 15: Custody**

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#### Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. The Firm typically does not prepare reports for clients. The Firm may prepare specific reports at the client's request. Clients are urged to compare the account statements received directly from their custodians to reports prepared by the Firm, if any.

The Firm is deemed to have constructive custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of The Firm.

## **Item 16: Investment Discretion**

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### Discretionary Authority for Trading

The Firm does not accept discretionary authority to manage securities accounts on behalf of clients. The Firm will obtain specific client consent for the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. The Firm does not receive any portion of the transaction fees or commissions paid by the client to the custodian on trades.

## **Item 17: Voting Client Securities**

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### Proxy Votes

The Firm does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, The Firm will provide recommendations to the client. Clients may call, write or email the Firm to discuss questions they may have about particular proxy votes or other solicitations. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18: Financial Information**

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### Balance Sheet

A balance sheet is not required to be provided because The Firm does not serve as a custodian for client funds or securities and The Firm does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

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### Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

The Firm has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

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### Bankruptcy Petitions during the Past Ten Years

Neither the Firm nor its management has had any bankruptcy petitions in the last ten years.