



NIKULSKI FINANCIAL, INC.

Because **happiness** can be **planned**.

NIKULSKI FINANCIAL, INC
3289 UTICA RIDGE ROAD
BETTENDORF, IA 52722
WWW.NIKULSKIFINANCIAL.COM

Firm Contact:
Brian Nikulski
Chief Compliance Officer
March 30, 2021

This brochure provides information about the qualifications and business practices of Nikulski Financial Inc. If clients have any questions about the contents of this brochure, please contact us at (563) 344-0118 or brian@nikulskifinancial.com. 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 our firm is also available on the SEC's website at www.adviserinfo.sec.gov by searching CRD #151569.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

Item 2: Material Changes

Nikulski Financial, Inc. is required to make clients aware of information that has changed since the last annual update to the Firm Brochure ("Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since our last amendment filed on May, 2020, we have the following material changes to report:

Item 9: Disciplinary Information updated.

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Item 4: Advisory Business

A. Firm Description

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed under the laws of the State of Iowa. We have been in business as an investment adviser since 2009. Our firm is one hundred percent (100%) owned by Brian Nikulski, President and Chief Compliance Officer.

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. Our firm provides asset management and investment consulting services for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

B. Types of Advisory Services

Asset Management:

We emphasize continuous and regular account supervision based on our firm's Dynamic Allocation Strategy. The Dynamic Allocation Strategy is a tactical asset management strategy primarily using individual stocks, bonds, and ETFs. There are three Dynamic Allocation Strategy portfolios: Moderately Conservative, Moderate, and Moderately Aggressive. A Risk Tolerance Questionnaire is completed to determine which portfolio the clients will own. When appropriate Adviser also incorporates covered options strategies and uses closed end funds for income. Various quantitative trading systems will be used to generate investment decisions. The objective in this strategy is to protect wealth and grow wealth as opposed to buying and holding investments through times of severe market depreciation.

The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least annually and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Financial Planning & Consulting:

Financial Planning and Consulting Services will be offered to all clients. For Financial Planning, we may investigate all nine of the services defined below to the extent applicable to the client and their respective needs, in order to create a comprehensive plan. Financial Consulting will include one or more of the services below or any other ad-hoc request made by client, e.g., in-person meetings, video conferences or conference calls to discuss investment advice, meetings with other advisers, etc. These services may be engaged for a fixed fee or on an hourly basis, determined on a case-by-case basis as needs dictate. We and the client will work together to comply with relevant state statutes and rules and give the client investment advisory services at fair and reasonable rates that are determined on an equitable basis adequately disclosed to the client in writing.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a

written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

In general, Financial Planning and Consulting Services may include some or all of the following:

1. Cash Flow and Debt Management – This involves advice with respect to cash accounts, financial obligations, and cash management.
2. Risk Management and Insurance Planning – This includes risk management associated with advisory recommendations based on the combination of insurance types that best meet a client's specific needs, e.g. life, health, disability, and long-term care, and others as appropriate.
3. Investment Planning – This involves advice with respect to asset selection and allocation, as well as investment income accumulation techniques. Evaluations are made of existing and, when applicable, potential investments in terms of their economic and tax characteristics as well as their suitability for meeting client's objectives. Tax consequences and their implications are identified and evaluated in general terms.
4. Retirement Planning – This involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate distributions of assets following retirement. Tax consequences and their implications are identified and evaluated in general terms.
5. College Planning – This includes alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education experience. Tax consequences and their implications are identified and evaluated in general terms.
6. Estate Planning – This service generally involves advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques. It involves a discussion of gifts, trusts, etc. and the disposition of business interests. Tax consequences and their implications are identified and evaluated. At the request of the Client, Adviser will engage the client's chosen personal estate attorney or planner, with regard to advising the wealth management of the estate planning.
7. Tax Planning – Tax planning is referred to the client's chosen personal tax advisor. Adviser may offer advice as to how tax laws may affect various financial decisions, e.g. acquisitions, pension strategy, investing in new opportunities or consolidation of existing investments, and individual taxation issues, among others.
8. Business Succession Planning – This includes alternatives and strategies with respect to continuity or disposition of the business upon the business owners' retirement, death, disability, or decision to sell. Tax consequences and their implications are identified and evaluated.
9. Consolidation of Financial Situation – As a result of performing some or all of the services listed in points 1 through 9 above, Adviser may be able to recommend strategies or methods for consolidating the client's financial situation in order for the client to manage their financial situation more easily and to obtain efficiency, cost savings, and diversification.

401(k) Management Services:

Clients that are participating in this service work with their employer to determine if the advisor is able to have "third-party authorization" on the 401(k) account. This authorization allows for the advisor to manage the account on a discretionary basis inside the 401(k) but does not allow the advisor to make disbursements or change client information in the account. Depending upon the investment options available, the appropriate fee will be charged. If only mutual funds are available, an annual management fee up to, but not exceeding .35% of assets under management will be charged. If the client has unlimited access to investments inside the 401(k) plan (individual stocks, individual bonds and exchange traded funds) then the standard advisory fee schedule is charged based upon the amount of assets being managed.

Retirement Plan Consulting:

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

Retirement Plan Consulting services typically include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

If the client accounts are part of a Plan, and our firm accept appointments to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

C. Tailoring of Advisory Services

Our firm offers individualized investment advice to our Asset Management and 401(k) Management clients. General investment advice will be offered to our Financial Planning & Consulting clients.

Each Asset Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

D. Wrap Fee Program

Our Firm does not offer a Wrap Fee Program.

E. Regulatory Assets Under Management

We manage \$201,600,000 on a discretionary basis and \$31,700,000 on a non-discretionary basis as of 12/31/2020.

Item 5: Fees & Compensation

In addition to the information provided in the Advisory Business section, this section provides details regarding Firm services along with descriptions of each service's fees and compensation arrangements.

Compensation for Our Advisory Services

Asset Management:

Assets Under Management*	Annual Advisory Fee
Up to \$1,000,000	1.50%
\$1,000,001- \$2,000,000	1.25%
\$2,000,001- \$5,000,000	1.00%
\$5,000,001- \$10,000,000	0.80%
\$10,000,001- \$20,000,000	0.75%

**For AUM of \$500,000 and over at TD Ameritrade Institutional (TDAI), Comprehensive Financial Planning Services are provided at no additional cost.*

FEE SCHEDULE: Asset Management - Dynamic Allocation

At the client's discretion, multiple accounts under the same household may be aggregated to reach fee break points.

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last business day of the previous quarter. Fees will generally be automatically deducted from your managed account. Adjustments will be made for deposits and withdrawals during the quarter in excess of \$25,000. As part of this process, you understand and acknowledge the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

Financial Planning & Consulting:

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on a case-by-case basis, and are dependent upon the level and scope of the Client's goals, the number of persons in the household, number of accounts, policies, etc., the client's stage in lifecycle, number of additional advisers, existence of current plans, overall complexity of financial situation and other relevant client specific information.

We and the Client will mutually agree upon a fair and reasonable rate and structure for equitable compensation based upon those factors listed immediately above in consideration of the scope of services desired by the client.

Our hourly fees range from \$150 to \$350, which is billed in five-minute increments. Projects spanning more than three months will be billed quarterly. The items addressed in a modular plan or general consulting services may include one or more of the services listed above. The amount of time spent will depend on the complexity of the request and all services will be completed within six months.

The total number of hours will be estimated prior to the engagement will be specified in our Financial Consulting Agreement for hourly services. Written financial plans are generally assessed a minimum fee of \$500. The client will be

invoiced directly for hourly fees.

Our flat/fixed fees range from \$500 to \$10,000. This fee for Financial Planning and Consulting Services is offered to clients for small consulting projects or as part of an annual retainer program. Such services include any combination of the above-listed services, periodic reviews, revisions/updates to the financial plan, and day-to-day consulting as required.

Fee Examples:

A client with limited financial investing history and modest assets who contracts with us for a single service listed above would typically be charged a fee of \$500 - \$2,000, because of limited document review and fewer consulting options. A client with maximum complexity who contracted us for all services listed above which may require forty or more hours of our time would typically be charged an annual service fee of \$10,000. We will outline a six-month service plan and charge client 50% as an initial retainer. Our services will be completed within six months. A client meets with us to discuss basic financial consulting issues and seeks general investment advice relating to broad issues such as retirement planning and education planning. The meeting lasts 2 hours and follow up research takes 2 hours. At \$200 per hour, the client would be charged a \$400 retainer at the time of the initial meeting (\$200 x 2 hours) and an additional \$400 upon completion of the engagement (\$200 x 2 hours). We will perform all financial consulting work before six months expire.

401(k) Management:

The 401(k) Management services are billed a fee based on the amount of assets being managed in the account. The total estimated fee being charged is determined at the time of the agreement being established; either up to, but not exceeding, .35% to manage a mutual fund account or the appropriate fee in the schedule based upon the account value if the Dynamic Allocation strategy can be used in the 401(k).

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last business day of the previous quarter. Fees will be automatically deducted from a managed account or clients can elect to be billed directly. For fees deducted from a managed account, you understand and acknowledge the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

Retirement Plan Consulting:

Plan assets are billed up to, but will not exceed, 0.35%. Individual participants have the option to enroll in TD Ameritrade Institutional Brokerage Link accounts allowing for more actively managed investment options. Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of the account on the last day of the previous quarter.

Should the Plan have more than one Account, the Fee shall be payable in proportion to the respective Account value(s). Adviser's fees will be debited directly from the Plan's Account(s) and Client authorizes the custodian for the Plan assets, which may be upon instruction from the Plan's administrator, to deduct Adviser's fees directly from the Plan's Account(s). Client shall have the responsibility to verify the accuracy of the fee calculation, and Client acknowledges that the custodian shall have no responsibility to determine whether the fee is properly calculated. Adviser shall not be compensated on the basis of a share of capital gains or capital appreciation of the Plan's Account(s).

Other Types of Fees & Expenses

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Clients may also pay charges 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, IRA and qualified retirement plan fees, and other fund expenses). Our firm does not receive a portion of these fees. TD Ameritrade Institutional, Inc. ("TD Ameritrade"), does not charge transaction fees for U.S. listed equities and exchange traded funds.

Termination & Refunds

We charge our advisory fees quarterly in advance. New accounts are not prorated if opening during a billing cycle. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services more than fifteen days in advance before a billing period ends. A termination request received within fifteen days of a billing period ending will not receive a refund. Upon receipt of your letter of termination, we will proceed to detach from your custodial account and process a pro-rata refund of unearned advisory fees. Full refunds will be made in cases when the client wishes to terminate services within five (5) business days of signing an agreement.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm. Full refunds will be made in cases when the client wishes to terminate services within five (5) business days of signing an agreement.

Either party to a 401(k) Management Agreement may terminate at any time by providing written notice to the other party. Full refunds will be made in cases when the client wishes to terminate services within five (5) business days of signing an agreement. After five (5) business days from initial signing, either party must provide the other party thirty (30) days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable. No refund requests will be honored if received within the last 15 days of the quarter.

Commissionable Securities Sales

Our firm and representatives do not sell securities for a commission in advisory accounts.

Item 6: Performance-Based Fees & Side-By-Side Management

Our firm does not charge performance-based fees.

Item 7: Types of Clients & Account Requirements

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Corporations;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit-Sharing Plans

Our firm does not impose requirements for opening and maintaining accounts or otherwise engaging us.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

A. Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting: In this type of technical analysis, our firm reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Cyclical Analysis: Statistical analysis of specific events occurring at a sufficient number of relatively predictable intervals that they can be forecasted into the future. Cyclical analysis asserts that cyclical forces drive price movements in the financial markets. Risks include that cycles may invert or disappear and there is no expectation that this type of analysis will pinpoint turning points, instead be used in conjunction with other methods of analysis.

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.

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.

Third-Party Money Manager Analysis: The analysis of the experience, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Analysis is completed by monitoring the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of the due-diligence process, the manager's compliance and business enterprise risks are surveyed and reviewed. A risk of investing with a third-party manager who has been successful in the past is that they may not be able to replicate that success in the future. In addition, as our firm does not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as our firm does not control the manager's daily business and compliance operations, our firm may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

B. Investment Strategies We Use

We use the following strategies in 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:

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 decision to sell.

Covered Calls: The risks associated with this type of strategy involve having the underlying stock called away. Each contract has a strike price at which the writer of the contract agrees to allow the purchaser call the stock away from the writer. This can create a taxable event whereby the writer of the option is required to recognize a capital gain on the underlying security. Furthermore, the market price could appreciate beyond the strike price, forcing the writer to sell their holdings below current market value.

- *Call Option:* Call options give the option to buy at certain price, so the buyer would want the stock to go up. Conversely, the option writer needs to provide the underlying shares in the event that the stock's market price exceeds the strike due to the contractual obligation. An option writer who sells a call option believes that the underlying stock's price will drop relative to the option's strike price during the life of the option, as that is how he will reap maximum profit. This is exactly the opposite outlook of the option buyer. The buyer believes that the underlying stock will rise; if this happens, the buyer will be able to acquire the stock for a lower price and then sell it for a profit. However, if the underlying stock does not close above the strike price on the expiration date, the option buyer would lose the premium paid for the call option.

Short-Term Purchases: When utilizing this strategy, our firm may also purchase 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.

Trading: Trading involves risk that may not be suitable for every investor and may involve a high volume of trading activity. Each trade generates a commission and the total daily commission on such a high volume of trading can be considerable. Active trading accounts should be considered speculative in nature with the objective being to generate short-term profits. This activity may result in the loss of more than 100% of an investment.

Securities are rarely traded within 30 days. In the event that they are, clients must be aware of certain risks involved with trading. As we do not utilize mutual funds in client portfolios there are no short-term redemption fees surrendered by the client.

C. Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, are appropriately diversified in investments, and ask any questions. Below is an overview of the types of products available on the market and the associated risks of each:

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.

Interest-Rate Risk

Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds may become less attractive, causing their market values to decline.

Inflation Risk

When inflation risk is present, the purchasing power of a sum of money may be greater presently than the same amount in the future.

Prepayment Risk

The returns on the collateral for a loan or debt can change dramatically if the debtors prepay the loans earlier than scheduled.

Currency Risk

Overseas investments are subject to fluctuations in the value of the dollar against the current of an investment's originating country. This risk is also sometimes referred to as exchange rate risk.

Reinvestment Risk

Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

Business Risk

There may be risks associated with some industries, sectors, or companies within an industry or sector.

Liquidity Risk

Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is a large market for a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Equity (Stock) Market Risk

The value of an equity security, such as company stock, is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates, and the market's perception of the security. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investments.

Description of Material, Significant or Unusual Risks

Our firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, our firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to our Asset Management, services, as applicable.

Item 9: Disciplinary Information

Nikulski Financial was involved in two arbitration cases, as described below:

- Nikulski Financial worked with a client in various capacities, including investments into private companies, from 2005 until Nikulski Financial terminated the relationship in 2017. Nikulski Financial received no compensation nor any direct economic benefit from the client's investments into the private companies. An arbitration case was filed in which damages were granted for \$526,596.
- Nikulski Financial and Brian Nikulski were involved with venture capital investments. Subsequently some accredited investors invested on their own into the same investments. A client filed a complaint regarding venture capital investments losing value. Rather than incur the costs of defending the allegations, the Firm entered into a confidential settlement agreement.

Item 10: Other Financial Industry Activities & Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Our firm is not registered and does not have an application pending to register, as a broker dealer and its management persons are not registered as broker/dealer representative.

B. Registration as a Futures Commission merchant, Commodity Pool Operator

Our firm and its management persons are not registered and do not have application pending to register, as a futures commission merchant, commodity pool operator/advisor.

C. Relationships Material to this Advisory Business and Possible Conflicts of Interest

Mr. Nikulski, the Firm's principal, owns 1% of New Innovation, LLC a real estate holding company. Mr. Nikulski devotes approximately 1 hour per month on this activity. Clients of Nikulski Financial, LLC are not solicited to invest in New Innovations, LLC. Mr. Nikulski also owns 50% of Whitetail Timber Farms, LLC a real estate investment company. Mr. Nikulski devotes approximately 1 hour per month on this activity. Michael Patterson, a client of Nikulski, is a 50% owner as well. No other clients are solicited to invest in Whitetail Timber Farms, LLC.

D. SELECTION OF OTHER ADVISORS OR MANAGERS AND HOW THIS ADVISER IS COMPENSATED FOR THOSE SELECTIONS

Our Firm does use Third-Party Money managers. The analysis of the experience, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Analysis is completed by monitoring the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of the due-diligence process, the manager's compliance and business enterprise risks are surveyed and reviewed. A risk of investing with a third-party manager who has been successful in the past is that they may not be able to replicate that success in the future. In addition, as our firm does not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as our firm does not control the manager's daily business and compliance operations, our firm may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

A. Fiduciary Status

According to the Investment Advisers Act of 1940 and Iowa state law, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. Our firm and its representatives have a fiduciary duty to all clients. Our firm and its representatives' fiduciary duty to clients is considered the core underlying principle for our firm's Code of Ethics and represents the expected basis for all representatives' dealings with clients. Our firm has the responsibility to ensure that the interests of clients are placed ahead of it or its representatives' own investment interest. All representatives will conduct business in an honest, ethical, and fair manner. All representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the representatives' duty of complete loyalty to their clients.

B. Description of Code of Ethics

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

C. Employee Trading

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code

of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts¹. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives. Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

Item 12: Brokerage Practices

A. Selecting a Brokerage Firm

Client assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

Our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer.

TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program. As part of the arrangement described, TD Ameritrade also makes certain research and brokerage services available at no additional cost to our firm.

These services include certain research and brokerage services, including research services obtained by TD Ameritrade

¹ For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

directly from independent research companies, as selected by our firm (within specific parameters).

Research products and services provided by TD Ameritrade to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these soft dollar benefit for no additional cost, we have an incentive to continue to use or expand the use of TD Ameritrade's services. Our firm examined this conflict of interest when we chose to enter into the relationship with TD Ameritrade and review custodial arrangements at least annually to determine that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, and commissions are charged for debt securities transactions). TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers. It is important to note that TD Ameritrade does not charge transaction fees for U.S. listed equities and exchange traded funds.

Our clients may pay a commission to TD Ameritrade that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account

B. Soft Dollars

Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients but not necessarily all at any one particular time.

C. Client Brokerage Commissions

TD Ameritrade Institutional does not make client brokerage commissions generated by client transactions available for our firm's use.

D. Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

E. Client-Directed Brokerage

Our firm allows clients to direct brokerage outside our recommendation. Our firm may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

F. Aggregation of Purchase or Sale

Our firm provides investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when our firm believes that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, our firm attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13: Review of Accounts

We review accounts on at least an annual basis for our clients subscribing to the following services: Asset Management, 401(k) Management and Third-Party Money Management. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our investment adviser representatives will conduct reviews our client accounts. Written reports to clients take place on at least an annual basis when our Asset Management, and Third-Party Money Management clients are contacted.

Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Financial Planning clients do not receive ongoing reviews beyond the scope of the contract of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but if they request us to update and re-analyze their plan 12 months after signing the original agreement, a new agreement will be signed with a fee based upon the scope of services desired.

Item 14: Client Referrals & Other Compensation

A. Referral Fees

Our firm does not pay or receive referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

Item 15: Custody

A. Deduction of Advisory Fees

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

B. Third Party Money Movement

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

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

Item 16: Investment Discretion

Clients are required to provide our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

Item 17: Voting Client Securities

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 18: Financial Information

Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

Our firm has never been the subject of a bankruptcy proceeding.

Item 19: Requirements for State-Registered Advisors

Brian J. Nikulski is the sole Owner, President, and Chief Compliance Officer of Nikulski Financial, Inc. His individual CRD

number is #2630600.

For additional information about Brian J. Nikulski, please see Form ADV Part 2B.