

**Executive Financial Services, Inc.**  
*doing business as*  
**“CND Financial”**

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October 28, 2021

**FORM ADV PART 2A**  
**BROCHURE**

This Brochure provides information about the qualifications and business practices of Executive Financial Services, Inc., doing business as “CND Financial”. If you have any questions about the contents of this Brochure, please contact us at (734) 427-2030. The information in this Brochure has not been approved or verified by the State of Michigan’s Department of Licensing and Regulatory Affairs or the United States Securities and Exchange Commission (“SEC”).

CND Financial is a registered investment adviser. Registration does not imply a certain level of skill or training. Additional information about Executive Financial Services d/b/a CND Financial is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD Number for Executive Financial Services d/b/a CND Financial is 110180 and the SEC Filing Number is 801-121895.

## MATERIAL CHANGES

Executive Financial Services, Inc., *doing business as* “CND Financial” filed this Form ADV 2A Brochure to transition its registration to the United States Securities and Exchange Commission (“SEC”) on June 28, 2021

Registered Investment Advisers are required to report updates in the business and service information contained in their Form ADV 1 and ADV 2 Brochures according to the following schedule: 1) Promptly throughout the year when changes occur and 2) No less than annually, within 90 days of the Adviser’s fiscal year end. Each year, we may send you a letter summarizing the Brochure amendments along with an offer to deliver the ADV 2A Brochure in its entirety or we may send you the ADV 2A Brochure in its entirety, including this Material Changes page.

This June 2021 ADV 2A Brochure includes the following updates:

Item 4 E.: CND Financial reported its fiscal year end assets under management. As of the close of business on May 31, 2021, we managed \$125,471,085 in 339 discretionary portfolios.

There are no other material changes to report. We always look forward to hearing from our clients. If you should have any questions regarding the contents of this Brochure or if we can be of any assistance, never hesitate to contact our office.

Thank you,

Arthur Cole, CPA/PFS  
President and Chief Compliance Officer  
(734) 427-2030

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ADV 2B Brochures follow

## **ITEM 4: ADVISORY BUSINESS**

### **4.A Description of Investment Adviser**

Executive Financial Services, Inc., doing business as “CND Financial” (or “Adviser”), is a fee-only Registered Investment Adviser. The Adviser was established on April 10, 2000 and is headquartered in Livonia, Michigan. CND Financial is registered with and regulated by the United States Securities and Exchange Commission (“SEC”). CND Financial is not publicly owned or traded. Arthur R. Cole, CPA/PFS is the President, Chief Compliance Officer and 50% equity owner. William Mack, CFP®, CFS® is the Vice President and 40% equity owner. Theodore Karl Bugenski, CFP®, CFS® is the Secretary/Treasurer and 10% equity owner. There are no indirect owners of the Adviser or intermediaries, which have any ownership interest in the firm.

The term “*fee-only*” means CND Financial and its Adviser Representatives are compensated for services via advisory fees paid by clients. CND Financial and its Adviser Representatives do not accept brokerage or insurance commissions. Adviser Representatives are not otherwise engaged as registered representatives of a broker/dealer nor are they insurance agents.

“*Adviser Representatives*” are those persons registered and authorized by CND Financial to provide financial and investment advisory services on behalf of CND Financial.

CND Financial is not a broker/dealer or custodian. Client assets are managed on an individualized basis. CND Financial does not sponsor or manage any wrap programs. CND Financial is a fiduciary to each of its clients.

### **4B. Types of Services**

#### **Investment Management and Financial Planning / Consultation Services**

CND Financial offers advisory services to individual investors, retirement plans, trusts, estates, charitable organizations, corporations, and other businesses.

CND Financial may offer a complimentary general consultation to discuss financial and investment advisory services available; to give a prospective client an opportunity to review services desired; and to determine the possibility of a potential Client-Adviser relationship. CND Financial and its Adviser Representatives may recommend the services of CND Financial. Prospective clients are never obligated to engage services after the complimentary consultation. CND Financial’s services begin only after the client and Adviser formalize the relationship with a properly executed client Investment Management Agreement.

After the formal engagement and depending upon the scope of the engagement, the Adviser and client will share in a data gathering and discovery process in an effort to determine the client’s needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and the nature of services requested. The client and Adviser may complete a risk assessment, investment policy statement or similar document, depending upon the nature of services to be provided.

#### **4.B(1) Investment Management Services**

Investment Management Services involve ongoing and continuous portfolio management services. CND Financial focuses on providing individualized services that are tailored to meet the stated needs and objectives of the client. Investment Management Services are tailored for portfolios

with a minimum of \$250,000, however CND Financial can evaluate each potential client relationship on a case-by-case basis. In the delivery of initial and ongoing services, the Adviser will normally include a comprehensive review of the overall aspects of a client's current financial situation and consider both long and short-term stated objectives and goals, or as directed by the client. After an analysis and data-gathering process and depending upon the nature of services desired, the Adviser will engage in the following:

- ❖ Existing portfolio review and analysis
- ❖ Preparation of asset allocation recommendations
- ❖ Preparation of a customized investment policy / strategy with the client's participation
- ❖ Recommendation of specific investments
- ❖ Implementation of the investment plan
- ❖ Ongoing management of the client's investment portfolio

Investment Management clients should play an active role in the formation of the investment plan and the development of investment advice and recommendations. CND Financial will generally seek to allocate the client's assets among various investments, taking into consideration the overall management style and portfolio framework selected by the client. The strategies will range from conservative to moderately aggressive in nature, and invest in activity managed and index mutual funds, exchange traded funds and fixed income investments.

CND Financial will normally utilize proprietary investment models as described in Item 8 of this Brochure. CND Financial attempts to construct a diversified portfolio of investment recommendations that are within its realm of expertise. For a more detailed description of the adviser's investment strategies and how they are implemented refer to page 8, *"Methods of Analysis, Investment Strategies and Risk of Loss"*. In each case, the stated individual needs, goals and desires of clients are taken into consideration. Based upon information provided by the client, CND Financial will seek to allocate the client's assets among various investments, taking into consideration the overall management style and portfolio framework selected by the client.

CND Financial will maintain limited discretionary authority over the client's managed portfolio if authorized in the client Investment Management Agreement. The client may impose reasonable restrictions on investing in certain types securities by telling us verbally or in writing. Where clients retain CND Financial on a non-discretionary basis, the client is welcome to implement recommendations in whole or in part via the financial services provider(s) of their choice.

As financial planners, CND Financial is available to assist Investment Management Clients with topics normally associated with Financial Planning. These additional services are client-initiated, value-added services are described in Item 4.B(2) of this Brochure. Services and investment recommendations in connection with assets invested in a corporate retirement plans are limited to those offered within the plan and via the plan's contracted service providers.

CND Financial's Investment Management Services include ongoing investment advice, investment tracking, performance monitoring and if requested, financial planning services. In providing ongoing investment management services, CND Financial will manage the client's funds in accordance with the investment policy/strategy as selected by the client. The portfolio assets will be reviewed internally on a frequent basis (generally quarterly or more often), depending upon the types of investments, market conditions, at the discretion of the Adviser, or as may be specifically requested by the client via written direction.

CND Financial requests the client's ongoing participation since the Adviser's services are based upon the client's stated individual needs and objectives (and any reported changes thereto). Clients may call the office during regular business hours to discuss their portfolio and make inquiries. In addition, CND Financial recommends that clients initiate a meeting with the Adviser no less than annually and review their investment strategies. *However, clients must immediately inform the Adviser of any changes in their financial situation to provide CND Financial with the opportunity to review the portfolio to ensure it is still structured to help meet the client's stated needs and objectives.*

#### **CNDF Guided Portfolio – Investment Management Services**

CND Financial offers the CNDF Guided Portfolio which provides automated investment management utilizing Charles Schwab & Co., Inc.'s Institutional Intelligent Portfolios® program (the "Portfolio"). The CNDF Guided Portfolio offers a range of investment strategies, each consisting of a portfolio of mutual funds ("Funds") and a cash allocation. Our client may instruct us to exclude up to three Funds from their portfolio. The CNDF Guided Portfolio requires a \$5,000 minimum to open and maintain an account.

CND Financial is your investment adviser and primary point of contact for the CNDF Guided Portfolio (or the "Portfolio"). *However, Charles Schwab & Co.'s program personnel are responsible for all technical questions and issues.* Through the Portfolio's online client portal, clients complete an online questionnaire to determine suitable investment objectives, risk tolerance, and to assist the Adviser in developing an appropriate investment strategy with the Portfolio. An Investment Adviser Representative of CND Financial will conduct an initial meeting with our client to discuss the results of the questionnaire and with your input, we will select a suitable model portfolio. In making these determinations, CNDF will consider the financial information you provide, which includes your stated financial goals and objectives, and investment time frame(s) and tolerance for volatility.

The CNDF Guided Portfolio offers a range of investment strategies we have constructed, each consisting of a portfolio of mutual funds ("Funds") and a cash allocation. You may place reasonable restrictions on the management of your account by instructing CNDF to exclude up to three funds from the managed portfolio.

The CNDF Guided Portfolio provides an automated investment engine to manage your portfolio on an ongoing basis through automatic rebalancing. CND Financial will provide ongoing monitoring of your account assets and performance within the Portfolio. CNDF will perform a monthly exception analysis to ensure client portfolios are within the tolerance set for target weights. CNDF also conducts a quarterly due diligence review of the Portfolio which will include asset class weights, fund selection, and recent performance.

CNDF remains available on an ongoing basis to discuss your managed assets. We request that our clients' financial situation be reviewed at least annually, and that updated information is provided within the Portfolio. CNDF will contact clients at least annually, verbally or in writing, to inquire about their financial situation and any changes thereto. Throughout the year, clients must *promptly* inform CNDF of any financial issue that may arise which would materially affect your investment objectives and/or strategies.

The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). CND Financial utilizes the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to

independent investment advisors and an affiliate of CS&Co., to operate the Portfolio. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, ""Schwab""). CND Financial, and not Schwab, is the client's investment advisor and primary point of contact with respect to the Portfolio. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Portfolio for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis.

#### **4.B(2) Financial Planning – Consultations (Hourly Services)**

CND Financial offers hourly Financial Planning and Consultation Services for non-investment clients. Topics could include but are not limited to: Retirement planning, tax strategies, college funding, expense reduction and 401(k) account reviews. Note: These same services are otherwise included in the Adviser's Investment Management Services Agreement for investment clients (at no additional cost) and initiated on the request of the client.

Depending on specific client needs, the Adviser will analyze a client's present position relative to his/her goals and objectives and make a recommendation on how to achieve the client's goals. Financial planning services are hourly based and are not ongoing services. In addition to consultation, advice and recommendations (if applicable), CND Financial can prepare a written financial plan or review an existing plan.

CND Financial is available to provide hourly consultation services on financial matters (such as one or more components of financial planning) and/or investment topics of interest to the client. CND Financial can tailor its planning services to include short-term and/or long-term goal planning as directed by the client. Services are limited to hourly consultations and do not include the drafting of a financial plan or follow-up reviews. The services to be provided and the Adviser's fee(s) are agreed upon at the time of engagement.

When planning services only focus on certain areas of client interests, needs or is otherwise limited in scope, clients must understand that a client's overall financial and investment needs, liabilities and objectives may not be considered because of time and/or service restraints placed on the Adviser's services. When providing advice on investments within retirement plans, the advice and any recommendations are limited to plan offerings.

Clients requiring assistance on issues relating to matters outside of financial and investment advisory topics should consult their personal tax adviser, legal counsel, or other professionals for expert opinions.

Financial Planning Services generally entail the use of long-term strategies so that continuous monitoring is not required. The advice provided by the Adviser may include recommendations for updates and reviews. Clients are welcome, but are never obligated, to retain the Adviser for additional or follow-up services via a new or amended client agreement.

Financial Planning Services for non-investment management clients will not include portfolio monitoring, investment reviews, investment management and implementation of advice and/or recommendations pertaining to securities (for non-investment management clients) or non-securities matters (pertains to all clients). In these cases, the client is welcome to implement advice/recommendations in whole or in part, entirely at the client's discretion via the service provider(s) of the client's choice.



#### **Item 4.C: Client Tailored Services and Client Imposed Restrictions**

CND Financial focuses on providing individualized services and can tailor services to focus only on certain portfolio components and certain components of financial planning. In providing consultation services, clients determine their topics of interest and the scope of services desired. Services are agreed to at the time of engagement. However, where client services or information provided to the Adviser are limited, clients must understand that comprehensive financial and/or investment needs and objectives may not be fully considered due to the client's option to receive limited services, the lack of information received, and/or client disclosure.

Clients may impose reasonable restrictions on investing in certain securities or types of securities, as agreed to by the Adviser. Clients are welcome to set parameters on the Adviser's limited discretionary authority in writing as to types of investments and amounts purchased or sold.

Within our **CNDF Guided Portfolio**, clients may exclude up to three funds in their portfolio.

Where clients retain authority to implement recommendations, they are welcome to do so in whole or in part via the financial services provider(s) of their choice.

Certain clients may engage in self-directed transactions. As mutual fund specialists, we generally do not recommend investing in individual stocks, preferring instead the broad diversification offered by stock mutual funds. That being said, we will accommodate clients if they would like to self-direct us to buy and sell stocks for their account(s) as a courtesy. If this is the case, the client will authorize in writing, via our client Investment Management Agreement, acknowledging that they assume sole responsibility for the performance and buy/sell decisions related to these individual stocks. As such, CND Financial bears no liability or responsibility with respect to these individual stocks, and therefore does not assess Retainer Services fees on such stocks. Stocks that are self-managed by the client do not receive a suitability review by CND Financial. These stocks will be identified as "exempt assets" with respect to billing/fees.

If instead, you request that we accept individual stocks into your account(s) and would like CND Financial to manage those positions, normal CND Financial fees will apply. This request would need to be authorized in writing via our client Investment Management Agreement. CND Financial will monitor client stock positions. Decision making is limited to a "hold" recommendation, or a "sell and reinvest in mutual funds" recommendation. CND Financial utilizes a mathematical model combining the opinions and ratings of companies such as Standards & Poor, Morningstar and Charles Schwab & Co. Should a stock's combined rating fall below a specified level, CND Financial would implement its "sell and reinvest in mutual funds" recommendation.

In granting CND Financial limited discretionary authority, CND Financial will take action on these holdings in accordance with client's designed investment objectives and strategies. As with any investments we manage, there is no guarantee that CND Financial's investment decisions will be profitable.

#### **4.D Wrap Fee Programs**

CND Financial does not recommend wrap fee programs nor does the Adviser sponsor or act as a manager of a wrap fee program.

#### 4.E ASSETS UNDER MANAGEMENT

CND Financial's assets under management as of the close of business on May 31, 2021 totaled \$125,471,085 in 339 discretionary portfolios.

### ITEM 5: FEES AND COMPENSATION

CND Financial is only compensated for advisory services in the following manner: A percentage of assets under management or hourly fees. CND Financial does not accept commissions or any other fees in connection with its investment advisory services.

**Item 5.A(1) Investment Management** fees are agreed upon at the time of engagement and are based on a number of factors. The annual Investment Management fee schedule is as follows:

- 1.00% of the first \$1,000,000
- 0.80% of the next \$ 500,000
- 0.60% on assets over \$1,500,000

The management fee is billed quarterly and in advance of services. The quarterly fee is calculated by multiplying the portfolio value by  $\frac{1}{4}$  of the annual fee. The portfolio value is determined by the client's custodian and the billable figure is based upon the value as of the last market day of the preceding quarter. A pro-rata fee is calculated for services initiated at any time other than at the beginning of a calendar quarter. In the rare case where there is an absence of an asset value (via the custodian); the Adviser will utilize at least one independent third party to assess the holding's value.

CND Financial's annual investment management fee may be modified based upon the nature of the engagement, scope and/or complexity of services and/or portfolio, anticipated efforts incurred by investment personnel, pre-existing relationships, or other special situations or factors at the Adviser's discretion. CND Financial's fee may be higher or lower than may otherwise be available through other types of advisory firms for similar services.

The annual fee for our **CNDF Guided Portfolio** is 1%, invoiced quarterly in advance. The quarterly fee is calculated by multiplying the market value of your account as determined by the custodian on the last trading day of the billable quarter and multiplying by .25%.

CND Financial does not calculate fees based on a percentage of capital gains or appreciation in client accounts (no "performance fees"). CNDF's fees are for investment advisory services only and do not include any other professional services that may be required by you to implement recommendations made by CNDF. While we believe our fees are competitive, they may be higher or lower than fees charged by other financial services providers.

**Item 5.A(2) Hourly Fees for Financial Planning / Consultation Services** are agreed upon at the time of engagement and apply to those clients who are not Investment Management clients of CND Financial. Compensation is based on an hourly rate for the time spent by respective personnel and fees are invoiced directly:

- CPA/Personal Financial Specialist™ or Certified Financial Planner™: \$250
- Chartered Financial Analyst™: \$250
- Financial Planner: \$200
- Clerical: \$60

Should the client's condition change during the course of services such that new advice, recommendations or research are required, additional fees may apply. The Adviser will not engage in additional services that result in fees without a new or modified client agreement and the client's approval.

Either party may immediately **terminate Financial Planning / Consultation Services** by written notice to the other at any time and without penalty. In addition, an unconditional money back guarantee is offered if requested within ten (10) days of the presentation of the plan. This may be the case if the client subsequently contracts CND Financial for investment management services or if the client should determine the plan is unacceptable.

## **5.B PAYMENT OF ADVISORY FEES**

**5.B(1) Payment of Investment Management** fees may be made directly to the Adviser or through a debit to the client's account via the qualified custodian holding the client's funds and securities. The Adviser adheres to the following criteria when payment is made via a qualified custodian as required by the SEC's Investment Advisers Act and the rules thereunder: 1) The client provides written authorization permitting the fees to be paid directly from the client's account held by the independent qualified custodian and the authorization is limited to withdrawing contractually agreed upon investment adviser fees; (2) The client will directly receive regular (monthly or quarterly) account statements from the qualified custodian which reflect the Adviser's fee deduction; (3) The frequency of fee withdrawal shall be specified in the written authorization and/or agreement; (4) The custodian of the account shall be advised in writing of the limitation on the Adviser's access to the account and; (5) The client shall be able to terminate the written billing authorization or agreement at any time.

If the designated account(s) do not contain sufficient funds to pay advisory fees, the client can leave standing orders to deduct fees via other accounts. In the absence of alternate instructions, the Adviser will issue an invoice for advisory fees to the client and payment is expected within 10 days of the invoice date.

It is important to note that custodial firms do not verify advisory fees. Therefore, clients should review their custodial statements carefully. If a client should have any questions or concerns in connection with an advisory fee deduction, they should promptly contact CND Financial. If at any time during the engagement, the client fails to receive the regular account statements produced by the custodian, it is important for the client to promptly notify CND Financial and the custodial firm.

If the Adviser's Form ADV 2A Brochure is not delivered at least 48 hours prior to engagement, the client may **terminate Investment Management Services** within 5 days without penalty and the Adviser will promptly refund any pre-paid fees. Alternatively, either party may immediately terminate services upon written notice to the other. If termination occurs prior to the end of a billable quarter, the client will receive a pro-rated refund of unearned fees (the balance of the pre-paid quarter). The client does not have to request this refund, as CND Financial will calculate the refund promptly upon receipt of the termination notice. For **CNDF Guided Portfolio** services, management fees are invoiced in advance. If the client terminates services prior to the end of a billing period, the Adviser will only invoice for services up until the effective date of termination.

**5.B(2) Financial Planning / Consultations Fees** are paid directly by the Client to the Adviser and invoiced hourly and in arrears. However, as previously noted, Investment Management clients do not pay separate fees for the planning services included with these services and as set forth in the

Investment Management client agreement.

## **5.C CLIENTS ARE RESPONSIBLE FOR FEES ASSOCIATED WITH INVESTING**

CND Financial does not receive any portion of fees charged by the clients' service providers. Clients are responsible for the payment of all third-party fees associated with investing. Examples of these fees may include but are not limited to: Clients may pay transaction and brokerage commission to their broker/dealer or other service providers ("*Financial Institution[s]*") as well as any fees associated with their particular accounts (e.g., account opening, maintenance, transfer, termination, wire transfer, retirement plan, trust fees, and all such applicable third party fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. All fees paid to the Adviser for Advisory services are separate from the fees and expenses charged to shareholders of ETF's or mutual fund shares offered by mutual fund companies. Clients may incur short-term redemption fees charged by the custodian if a holding is sold before a 90-day holding period has expired. In addition to custodian's fee, the client may incur a short-term redemption fee from the mutual fund company (as disclosed in the fund prospectus) if the holding is sold before the specified holding period expires (normally from 30 days to 180 days). The redemption fee will reduce the proceeds from the sale of the mutual fund. If a mutual fund previously purchased by or selected by a client should impose a sales charge, a client may pay an initial or deferred sales charge. *CND Financial does not receive any portion of these investment-related fees.* Such charges, fees and commissions are exclusive of and in addition to the Adviser's fees. A complete explanation of the expenses charged by a mutual fund or ETF is contained in the respective fund prospectus. Clients are encouraged to read each prospectus and securities offering documents.

Normally, advisory clients pay transaction and services fees to third parties they may engage relating to securities transactions, custodial and/or trust services. Clients utilizing the **CNDF Guided Portfolio** do not pay additional fees or brokerage commissions to Charles Schwab & Co. as Charles Schwab & Co. receives various other revenues from sponsoring the Portfolio. Those revenues include profit earned on the cash allocation, which is an FDIC-insured deposit in Charles Schwab Bank, SSB. Charles Schwab & Co. also earns investment advisory and administrative fees on affiliated mutual funds within the Portfolio. In addition, clients incur the expenses included in the underlying mutual funds which vary and are discussed in each fund prospectus. Schwab affiliates (not CND Financial) earn revenue from the underlying assets in Institutional Intelligent Portfolios® ("IIP") accounts. This revenue comes from managing Schwab ETFs™ or Schwab Funds® and providing services relating to certain third-party funds that can be selected for the portfolio, and from the cash feature on the accounts. Revenue may also be received from the market centers where ETF trade orders are routed for execution. *However, CNDF does not offer ETFs in its CND Guided Portfolio.* CNDF's fees are separate, and in addition to, the management fees that fund companies pay to the manager(s) of their investment fund(s) in which you may invest (these companies pay these fees from fund assets).

## **5.D PRE-PAYMENT OF FEES**

As described at Item 5.A(1), Investment Management fees are paid quarterly and in advance of services. CNDF Guided fees are invoiced quarterly in advance.

For clients not engaging Investment Management Services, the Adviser's Financial Planning / Consultation Services are invoiced hourly in arrears.

## **5.E OTHER COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS**

CND Financial is a *fee-only* Registered Investment Adviser. Neither CND Financial nor its Adviser Representatives accept any other compensation/commission for the recommendation of securities or non-securities products including asset-based sales charges or service fees from the sale of mutual funds.

## **6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

CND Financial's fees are not "performance based" (based upon a share of capital gains or capital appreciation, or performance, for any portion of funds under an advisory contract). Therefore, the Adviser does not engage in side-by-side management services.

## **7. TYPES OF CLIENTS AND MINIMUM INVESTMENTS**

Types of clients include individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Our minimum portfolio size is \$250,000, which may be negotiable depending on the circumstances of the client, (i.e., potential to save), or as a courtesy to an existing client. CND Financial reserves the right, in its sole discretion, to decline any new account.

CNDF Guided Portfolio requires a \$5,000 minimum to open and maintain an account.

## **8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

CND Financial attempts to measure an investor's stated goals, risk tolerance and investment timeframe through discussions, meetings with clients and the financial and investment data disclosed to the Adviser, to determine which of our six investment strategies is appropriate for the client. Once the client approves the recommended strategy, an Investment Policy Statement is agreed upon which outlines the specific asset allocation strategy, with a specific risk profile. The Investment Policy Statement outlines the equity and fixed income exposure and provides the parameters that will be used in managing the account.

### **8.A Methods of Analysis**

Methods of securities analysis will include fundamental analysis and technical analysis.

**1. Fundamental Analysis** seeks to understand risks and the qualities associated with the fund's management. In analyzing a fund, a fundamental analyst normally examines concentration, sector matchups, stock and bond strategies, and other elements of fund's portfolio construction and management. Fundamental Analysis is a long-term strategy.

Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and company-specific factors (like financial condition and management). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price, with the aim of determining what

sort of position to take with that security. This method of security analysis is considered to be the opposite of technical analysis.

### **Sector Prospects of the Fund**

Every mutual fund has a certain amount of exposure to a particular sector. The Adviser will analyze a fund's strategy and examine the sector in which the fund has the highest exposure and how that sector is performing. The Adviser will also review the impact of macro-economic conditions on that sector as a whole.

### **Financial Valuation of the Fund**

The financial valuation of a fund can be determined by its P/E (price to earnings) ratio. The P/E is derived by using a weighted average of underlying stocks. Basically, it is the average of the P/E of all the stocks that are present in a fund's portfolio. A higher P/E ratio of the scheme indicates that the stocks in the scheme are valued at a premium. This reflects a growth-based approach of the fund manager. On the other hand, a lower P/E indicates a conservative approach of the fund manager. Here, the fund manager looks for stocks whose stock prices have been beaten down and there is a hope for these prices to rise significantly in the future. Such stocks yield great results over a longer period of time.

Fundamental analysis is not without its drawbacks and challenges. For one, this method can be tedious and time consuming. Once a trend in the fundamentals of the company is established, normally, the future growth will be extrapolated using that trend. The extrapolation is a subjective exercise and should be cautiously assessed. For example, the trend may still be up, but the market may already be saturated and thus there is a higher chance of the trend flattening rather than continuing upward. Extrapolation may not always work and may result in a wrong call. In addition to the above, this analysis method involves a time delay since the financial data the analyst is in the process of reviewing is always from the previous year or previous quarter. Additionally, if a fundamentally strong fund at the right price is identified, it does not mean that the shares are going to move anytime soon. Therefore, some holdings may need to be held for quite some time. A fund's position in the market is also driven by investor sentiment.

**2. Technical Analysis** is a method of evaluating securities by analyzing the statistics generated by market activity, such as past prices and volume. There are multiple technical analysis methods that can be employed. Generally speaking, technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. The field of technical analysis is based on three assumptions: 1) The market discounts everything; 2) Price moves in trends and; 3) History tends to repeat itself.

Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity through the study of past market data, primarily price and volume. Technical analysis of mutual funds examines price movements and price-related trends, such as sales volume while the fundamental analysis of mutual funds examines the intrinsic values of the stocks in the fund. Technical analysts generally believe these fundamental values are already represented in the prices of the fund's stocks.

For technical analysts, the most important aspects are a mutual fund's price history and identifying trends therein, which records investor behavior and indicates investor sentiment.

Technical Analysis can be difficult, as analysts need to learn various indicators and patterns and understand how they relate to investor sentiment and behavior. Analysts also have to devise methods of how these issues may impact stock price. Like other analysis methods, technical analysis is not 100% percent accurate or reliable. Often there can be contradicting results which may result in a situation where

no trade can be made. An example of this exists when the overall market is heading in one direction and the particular fund price is pointing to the opposite direction. The interpretation of technical indicators is subjective. The same indicator could be interpreted as bullish by one side of the camp and as bearish by the other side of the technical camp. The subjective aspect of technical analysis gives way to another drawback of technical analysis which is the validation of a biased view. The analyst may have already formed a view based on the state the economy is currently or the situation of the market and sector in which the company operates.

CND Financial participates in company-held conference calls and manager interviews. Company provided data may not always be the most objective, therefore, the Adviser may conduct its own internal research.

Numerous publicly available sources of economic, financial and investment research are used by the Adviser. Asset allocation software and historical performance modeling software may also be utilized. As with any data produced by third parties, there is always the possibility that the company's data has been manipulated (against regulatory rules). It does happen and it can be very difficult to detect. Thus, an analyst is limited by the data that is published.

*It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear and there is no single strategy that can guarantee success.*

### **Investment Strategies**

CND Financial uses six different investment strategies utilizing funds, ranging from conservative to an aggressive growth. Investment strategies may include long-term purchases (securities held at least 3-5 years) and short-term purchases (securities held 1 year or less), depending on the stated specific needs of a client. These strategies are typically implemented using no-load mutual funds across several different asset classes. The major asset classes the Adviser commonly recommends are Cash and Cash Equivalents, Mutual Funds, Exchange Traded Funds and Fixed Income Securities. CND Financial rarely recommends stocks investments.

As part of our ongoing research, we analyze thousands of actively managed and index mutual funds, as well as Exchange Traded Funds (ETFs). When it is warranted, we will replace a fund in a strategy if we determine that it no longer meets our objectives.

In general, CND Financial does not recommend or select funds focused on specific sectors such as Biotechnology, Utilities, Natural Resources, etc. The Adviser's recommendations provide exposure to these sectors through funds that invest in a broad asset class.

With the exception of the CNDF Guided Portfolio strategy, CND Financial generally recommends no-load mutual funds or Exchange-Traded Funds (ETF's) that represent either an index or managed portfolio of individual securities diversified within the target asset class. When recommending a specific fund, we utilize services such as Morningstar to analyze many factors, some of which include no-load (or load-waived funds), expense ratio, performance, style, category ranking within asset class, manager tenure, market capitalization, and turnover ratio. The Adviser also utilizes many sources of public information to include financial news and research materials.

*Investing inherently involves risk.* Due to conditions beyond the advisors' control (i.e., downturns in the U.S. and foreign economies, default risk when investing in bonds, etc.), Investing in a selected strategy based on a client's risk tolerance may not yield the desired outcome.

### **GLOBAL DEFENSIVE BALANCED STRATEGY**

The investment objective of this Strategy is to maximize long-term total return while minimizing the frequency and magnitude of a 12-month decline in portfolio value in excess of 2.5%. Although this is the stated goal of the risk-management strategy, declines in excess of 2.5% can occur during periods of high volatility, such as an extreme bear market. As a result, the portfolio will consist of a combination of growth and income-oriented investments, with a slight emphasis on growth-oriented assets. This portfolio Strategy is designed for the highly conservative investor.

### **GLOBAL CONSERVATIVE BALANCED STRATEGY**

The investment objective of this Strategy is to maximize long-term total return while minimizing the frequency and magnitude of a 12-month decline in portfolio value in excess of 5%. Although this is the stated goal of the risk-management strategy, declines in excess of 5% can occur during periods of high volatility, such as an extreme bear market. As a result, the portfolio will consist of a combination of growth and income-oriented investments, with a slight emphasis on growth-oriented assets. This portfolio Strategy is designed for the conservative investor.

### **GLOBAL BALANCED STRATEGY**

The investment objective of this Strategy is to maximize long-term total return while minimizing the frequency and magnitude of a 12-month decline in portfolio value in excess of 10%. Although this is the stated goal of the risk-management strategy, declines in excess of 10% can occur during periods of high volatility, such as an extreme bear market. As a result, the portfolio will consist of a combination of growth and income-oriented investments, with a slight emphasis on growth-oriented assets. This portfolio Strategy is designed for the moderate investor.

### **GLOBAL EQUITY-TILTED STRATEGY**

The investment objective of this Strategy is to maximize long-term total return while minimizing the frequency and magnitude of a 12-month decline in portfolio value in excess of 15%. Although this is the stated goal of the risk-management strategy, declines in excess of 15% can occur during periods of high volatility, such as an extreme bear market. As a result, the portfolio will consist of a combination of growth and income-oriented investments, with a slight emphasis on growth-oriented assets. This portfolio Strategy is designed for the moderately aggressive investor.

### **GLOBAL BALANCED 90% EQUITIES STRATEGY**

The investment objective for the Equity portfolio is high long-term returns. As a result, the portfolio will consist primarily of growth-oriented investments, primarily equities, though it may also include non-equity investments. The portfolio's downside risk potential is comparable to the overall equity market and the portfolio may experience losses that are commensurate with those of the equity market. Although this is the stated goal of the risk-management strategy, declines in excess of the equity market can occur during periods of high volatility, such as an extreme bear market. This portfolio Strategy is designed for the aggressive investor.

### **INDIVIDUAL STOCKS**

CND Financial will manage an individual stock if requested. CND Financial utilizes a mathematical model combining the opinions and ratings of companies such as Standards & Poor, Morningstar and Charles Schwab & Co. Should a stock you request CND Financial to hold have its combined rating fall below a predesignated level, CND Financial would implement its "sell and reinvest in mutual funds" recommendation. Due to the lack of diversification with individual stocks CND generally does not recommend individual replacement stocks. There is no guarantee recommendation would be profitable.



## **Other Information**

Portfolio holdings or recommendations are generally judged by (managers' or investments') experience, track record and performance of like-kind investments. The Adviser will actively manage each portfolio. The Adviser generally looks to the long-term when developing advice and recommendations based upon information provided by the client.

Changing conditions in the client's financial life or significant changes in market conditions may warrant a collaborative effort with the client to modify their strategic investment framework, which consequently may also trigger changes to investment holdings within the portfolio.

### **8.B Material Risks**

*Investing in securities carries risk of loss which clients must be prepared to bear.* There are risks associated with investing including possible loss of principal.

CND Financial generally seeks investment strategies that do not involve significant risk or unusual risk beyond that of the general domestic and / or international equity markets. Thoughtful investment selections that are designed to help meet a client's stated goals and risk profile may help keep risks at an acceptable level.

As outlined below, CND Financial's goal in its analysis is not to time the market. CND Financial takes the general position that investors with diverse portfolios have a better chance of making a profit because it is difficult to accurately predict the movement of the economy. Obviously, no single strategy can be relied upon to outperform the market.

### **8.C Risk of Specific Investments**

Investments in mutual funds and exchange-traded funds may bear a risk of investment loss. Clients who invest should also be prepared to bear a loss of investment proceeds.

Rarely, the client's portfolio will contain one or more stock investments. Typically, this will occur with a pre-existing purchase the client wishes to retain. Investments in individual stocks can be risky. Common stocks are susceptible to market fluctuations and to volatile increases and decreases in value as investors' confidence in and perceptions of their issuers change. Some risks can be controlled, and some risks can be guarded against, but no strategy can carry guarantees from loss. Certain market risks cannot be controlled, such as market or economic conditions. Investments in common stocks are subject to the risk that in the event of a company's liquidation, the holders of preferred stock and creditors will be paid in full before any payments are made to holders of common stock.

Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Investments in real estate funds or programs involve additional special risks, such as credit risk, interest rate fluctuations and the effect of varied economic conditions. Funds focusing on a single country, sector and/or smaller companies generally experience greater price volatility.

The Adviser can use any or all the aforementioned different but somewhat complementary methods for investment selections as agreed upon between the Adviser and the client. No single strategy can be relied upon to outperform the market. However, CND Financial's goal in its analysis is not to time the market. CND Financial seeks to utilize investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

There are certain risks involved in investing in all types of bonds: Government, Municipal, and Corporate. The following is an overview of the types of risks that one should consider in terms of bond investments: Interest rate risk; reinvestment risk; inflation risk; market risk, selection risk, timing risk, and price risk. Additional risks for some government agency, corporate and municipal bonds may include: Legislative risk (a change in the tax code could affect the value of taxable or tax-exempt interest income); Call risk (some corporate, municipal and agency bonds have a “call provision” entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor’s principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates.

If the bond is called at or close to par value, as is usually the case, investors who paid a premium for their bond also risk a loss of principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called. Additionally, there may be a liquidity risk involved if investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer. Bonds are generally the most liquid during the period right after issuance when the typical bond has the highest trading volume. Additional risks for corporate and municipal bonds may include: Credit risk; default risk; event risk and duration risk. Bank obligations including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are highly dependent upon short-term interest rates and may be adversely affected by downturns in the U.S. and foreign economies and/or changes in regulations.

#### **Other Information**

Clients may make additions to and withdrawals from the account at any time, subject to the Adviser’s right to terminate an account. Clients may withdraw account assets on notice to the Adviser, subject to the usual and customary securities settlement procedures. CND Financial generally designs its client portfolios as long-term investments and assets withdrawals may impair the achievement of a client’s investment objectives.

Portfolio additions may be in cash, cash equivalents and securities. However, the Adviser reserves the right to liquidate any transferred securities or decline to accept securities into a client’s account. The Adviser may consult with its clients about the options and ramifications of transferring securities when provided pre-notification of the client’s intentions. Clients are hereby advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (*i.e.*, contingent deferred sales charge) and/or tax ramifications.

Clients may choose to make self-directed securities transactions, which are investments that are not reviewed and/or not recommended by the Adviser. In such cases, CND Financial has not passed on the suitability of said investments and while CND Financial may assist with client-directed implementation as a value-added service at the client’s request, the Adviser will not manage these types of investments unless agreed in writing.

### **9. DISCIPLINARY INFORMATION**

CND Financial and its Officers have not been involved in any civil, criminal, arbitration, disciplinary or other regulatory events. There is no information in the Adviser’s registration records that would impact a client’s or prospective client’s evaluation of CND Financial or the integrity of its management.

CND Financial, its Officers and its Adviser Representatives have not been involved in any proceedings before the SEC or any other federal, state or foreign regulatory authority. In addition, none of the aforementioned persons have been involved in any self-regulatory organization proceedings or investment-related civil litigation.

Information about CND Financial's Adviser Representatives is contained on ADV Part 2B Brochure Supplements.

## **10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A Registration as A Broker/Dealer or Broker/Dealer Representative**

Neither CND Financial nor its Adviser Representatives are registered as a broker/dealer or as Representatives of a broker/dealer (and no such registrations are pending).

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator or a Commodity Trading Adviser**

Neither CND Financial nor its Adviser Representatives are registered as a Futures Commission Merchant, Commodity Pool Operator or a Commodity Trading Adviser (and no such registrations are pending).

### **C. Registration Relationships Material to This Advisory Business and Conflicts of Interest**

CND Financial does not operate and does not have a material relationship with a hedge fund or other type of private pooled investment vehicle. In addition, CND Financial does not maintain material relationships with any of the following:

- broker-dealer, municipal securities dealer, or government securities dealer or broker
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- futures commission merchant, commodity pool operator, or commodity trading adviser
- banking or thrift institution
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships

*Arthur Cole, CPA/PFS, the President and Chief Compliance Officer of CND Financial* owns 50% of CND Financial. The Adviser's other officers, William Mack, CFP®, CFS® and Theodore Bugenski, CFP®, CFS® collectively own 50% of CND Financial and 100% of William Mack & Associates, Inc., (WMA) located in Troy Michigan. As a result of their ownership in CND Financial, Mr. Mack and Mr. Bugenski share in a portion of CND Financial earnings. WMA also provides back-office administrative services to CND Financial.

Mr. Cole does not hold an ownership position in WMA.

The services of CND Financial and WMA are separate and distinct. William Mack, CFP®, CFS®, the

Vice-President of CND Financial and the President of WMA, is dually registered with both firms as an Adviser Representative. In this capacity, Mr. Mack provides services to CND Financial's contracted clients. The time spent on this activity may vary throughout the year but may account for up to 25% of his time.

Arthur Cole, CPA/PFS, the President and Chief Compliance Officer of CND Financial is the Managing Partner of Cole, Newton & Duran, a Certified Public Accounting firm. While the time spent on this outside business activity may vary throughout the year, it may involve up to 45% of his time. The services of the CPA firm are separate and distinct business from the services provided by CND Financial. Adviser Representatives of CND Financial may recommend the services of the affiliated accounting firm and clients are welcome but never obligated to utilize the firm's services.

Besides the accounting firm Mr. Cole is the Chief Financial Officer for MI Pharm, LLC a long-term care pharmacy. The responsibilities of this position require approximately 10% of Mr. Cole's time.

Mr. Cole is also the President of Strategic Investment Services, Inc. a small holding company that does not provide any public services. Strategic Investment Services requires a minimal amount of time from Mr. Cole.

William Camp is part owner of WMCA, LLC which is a private entity not currently engaged in business or providing services to the public.

Cole, Newton & Duran, CND Financial's affiliated Certified Public Accounting firm, has an attorney on staff (Christopher Boloven). If clients are interested in receiving assistance with estate planning, wills, or other legal matters, CND Financial may provide a complimentary referral to this associate. Clients are welcome but are never obligated to utilize the services provided by Mr. Boloven. These legal services are separate and distinct from CND Financial's services and are provided via a separate agreement with the attorney.

#### **D. Selection of Other Advisers or Managers**

CND Financial does not utilize or recommend the services of unaffiliated investment managers. All assets are managed by CND Financial.

## **11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Item 11.A Code of Ethics**

CND Financial takes the issue of regulatory compliance seriously and is committed to maintain compliance with state and applicable federal securities laws. Additionally, CND Financial has a position of public trust and it is our goal to maintain that trust; provide excellent service, good investment performance; and advice that is suitable.

CND Financial places great value on ethical conduct. Therefore, the ultimate goal of our internal policies is to challenge our staff to live up not only to the letter of the law, but also to the ideals set forth by the Adviser.

Clients may be familiar with the roles fiduciaries play in various legal situations and in certain industries. As a Registered Investment Adviser, CND Financial is a fiduciary to each and every client. As fiduciaries, Investment Advisers owe their clients several specific duties. According to the SEC (to which the State of Michigan defers on this subject), an Investment Adviser's fiduciary duties include:

- ❖ Providing advice that is suitable
- ❖ Providing full disclosure of material facts and potential conflicts of interest (such that the client has complete and honest disclosure in order to make an informed decision about services of the Adviser and about investment recommendations)
- ❖ The utmost and exclusive loyalty and good faith
- ❖ Best execution of transactions under the available circumstances
- ❖ The Adviser's reasonable care to avoid ever misleading clients
- ❖ Only acting in the best interests of clients.

It is CND Financial's policy to protect the interests of each of the Adviser's clients and to place the clients' interests first and foremost in each and every situation. CND Financial will abide by honest and ethical business practices to include, but is not limited to:

- ❖ The Adviser will not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account.
- ❖ The Adviser will make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the customer and we will document suitability.
- ❖ The Adviser and Adviser Representatives will not borrow money from clients.
- ❖ CND Financial will not recommend the purchase of a security without the reasonable belief that the security is registered, or the security or transaction is exempt from registration in states where we provide investment advice and based upon information the Adviser receives.
- ❖ The Adviser will not recommend that the client place an order to purchase or sell a security through a broker/dealer or agent or engage the services of a broker/dealer that is not licensed, based upon information available to the Adviser.
- ❖ The staff of the Adviser will report all required personal securities transactions to Arthur Cole, CPA/PFS, President and Chief Compliance Officer of CND Financial as required by the State of Michigan. Reportable trades for this Adviser include all but the following exceptions:
  - Transactions effected pursuant to an automatic investment plan
  - Securities held in accounts over which the access person has no direct or indirect influence or control
  - Transactions and holdings in direct obligations of the U.S. Government
  - Money market instruments — bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high-quality short-term debt instruments
  - Shares of money market funds
  - Transactions and holdings in shares of mutual funds are not reportable, since the Adviser does not have a material relationship with an investment company which would otherwise require reporting
  - Transactions in units of a unit investment trust are not reportable if the unit investment trust is invested exclusively in unaffiliated mutual funds.

All applicable securities rules and regulations will be strictly enforced. CND Financial will not permit and has instituted controls against insider trading.

The Adviser emphasizes the unrestricted right of clients to decline to implement any advice rendered, in whole or part. Where CND Financial is granted discretionary authority of the client's accounts, clients are welcome to set investment parameters and/or limitations in writing and such direction is followed until such time the client's instructions are amended in writing.

The Officers, Adviser Representatives and administrative personnel of CND Financial who do not follow the Adviser's Code of Ethics or who in any way violate securities rules and regulations, or who fail to report known or suspected violations will be disciplined or terminated, depending upon severity. Such persons could also face action by the SEC and/or state securities regulators.

Clients are welcome to request a copy of the Adviser's Code of Ethics by contacting the Adviser's office.

#### **B. RECOMMENDATIONS INVOLVING MATERIAL FINANCIAL INTERESTS**

CND Financial does not recommend that clients buy or sell any security in which any of CND Financial's related persons have a material financial interest.

#### **C. INVESTING PERSONAL MONIES IN THE SAME SECURITIES AS CLIENTS**

CND Financial and/or individuals associated with CND Financial may have similar investment goals and objectives and as a result may buy or sell securities for their personal accounts that may be identical to or different from those recommended to clients. Thus, at times the interests of the Adviser's or staff members' accounts may coincide with the interests of clients' accounts. However, at no time will the Adviser or any related person receive an added benefit or advantage over clients with respect to these transactions nor will the Adviser nor its associated persons will not place itself in a position to have added benefit as a result of advice given to clients.

#### **D. TRADING SECURITIES AT / AROUND THE SAME TIME AS CLIENTS**

CND Financial and its Adviser Representatives acknowledge the Adviser's fiduciary responsibility to place the investment needs of clients ahead of the Adviser and its staff. The interests of clients are held in the highest regard. At no time will the Adviser or any related person receive an added benefit or advantage over clients with respect to these transactions. The Adviser and its associated persons will not place itself in a position to have added benefit as a result of advice given to clients.

The staff of CND Financial shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.

CND Financial has established trading policies for its access persons. Arthur Cole, the President and Chief Compliance Officer of CND Financial, is responsible for the monitoring of personal trading conducted by staff.

## **12. BROKERAGE PRACTICES**

CND Financial is not affiliated with any broker/dealer firm and CND Financial's Adviser Representatives are not registered representatives of any broker/dealer.

Financial Planning/Consultation clients not utilizing CND Financial's Investment Management Services are welcome to implement recommendations, in whole or in part, through the financial services firms of their choice.

CND Financial recommends the services of Charles Schwab & Co, Inc. ("*Schwab*"), which provides custodial and account services to independent Registered Investment Advisers and their clients. CND Financial participates in Schwab Adviser Services program for independent Registered Investment Advisers. CND Financial may recommend that clients establish brokerage accounts with the Schwab Institutional division of Schwab, which is a registered broker-dealer, Member SIPC/FINRA, to maintain custody of clients' assets and to effect trades for their accounts.

Schwab Institutional provides CND Financial with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. Schwab Institutional's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. These services generally are available to independent Investment Advisers at no charge to them so long as a total of at least \$10 million of the Adviser's clients' account assets are maintained at Schwab Institutional. Thus, the recommendation of Schwab presents a conflict of interest between the Adviser and its clients. However, CND Financial seeks best execution in connection with its brokerage recommendations.

Our CNDF Guided Portfolio is supported by the Institutional Intelligent Portfolios® platform which is a software offered by Schwab Performance Technologies ("*SPT*"), an affiliate of CS&Co. Accounts are custodied at CS &Co. CNDF continues to be an independent Registered Investment Adviser as is not owned by, affiliated with, or supervised by SPT, CS&Co., or their affiliates (collectively "*Schwab*").

CND Financial believes Schwab offers excellent customer service to clients and independent Investment Advisers as well as competitive trading costs. Schwab is a large and sophisticated order sender and features broad lines of products and services that may be suitable for many types of investors with varying investable assets.

As a fiduciary, CND Financial acknowledges its duty to obtain best price and execution for its clients' transactions under the available circumstances. Best execution is not determined solely by the lowest possible commission. The decision to utilize Schwab is based upon a number of factors as listed below:

- ❖ Quality of overall execution services provided
- ❖ Reliability
- ❖ Execution and operation capabilities
- ❖ Promptness of execution
- ❖ Creditworthiness, financial condition, and business reputation
- ❖ Promptness and accuracy of reports on execution
- ❖ Ability and willingness to correct errors
- ❖ Promptness and accuracy of confirmation statements
- ❖ Research (if any) provided
- ❖ The broker-dealer's facilities and technology
- ❖ Ability to access various market centers
- ❖ The market where the security trades
- ❖ Any expertise in executing trades for the particular type of security
- ❖ Commission charged.

Schwab is a large service provider and provides support services to a large percentage of the independent investment adviser population. Schwab measures trade execution quality through a combination of factors, including but not limited to:

- Trade Execution Speed
- At-the-Quote or Better Percentage
- Price Improvement Percentage

Schwab consolidates its “best execution” responsibilities within a specialized monitoring group to provide a regular and rigorous review of the execution quality received from the venues where the firm routes equity and option orders. Additionally, for consumers seeking specific details about the service providers’ execution services, the firms offer additional information about trade quality and execution via their corporation website.

Schwab indicates in their best execution policies that it continually monitors alternative venues to identify opportunities for improving execution quality. Schwab considers a number of factors in evaluation of execution among markets and firms, including: Execution price and opportunities for price improvement, market depth and order size, the trading characteristics of the security, speed and accuracy of executions, the availability of efficient and reliable order handling systems, liquidity and automatic execution guarantees, and service levels and the cost of executing orders at a market or firm. Price improvement occurs when an order is executed at a price more favorable than the displayed national best bid or offer. Schwab also indicates it regularly monitors the execution quality provided through various markets and servicing firms to help ensure orders are routed to market venues that have provided high-quality executions over time. Generally, the larger service providers (like Schwab) compare the reported executions and unexecuted orders to the National Best Bids and Offers (NBBO’s) at the time of order entry and identify a subset of items that require review. Market volatility, volume and system availability may delay account access and trade executions. Price can change quickly in fast market conditions, resulting in an execution price different from the quote displayed at order entry. Execution price, speed and liquidity and account access are affected by many factors, including market volatility, size and type of order and available market centers.

The SEC requires brokerage firms to make their order routing practices publicly available. These reports provide information on routing non-directed orders (any order that the customer or Adviser has not specifically instructed to be routed to a particular venue for execution). For non-directed orders, Schwab will select the venue. Note: Brokerage firms are required to disclose any material arrangements with the venues utilized, including but not limited to any intermediation or payments for order flow arrangements.

Interested clients can view Schwab’s order routing data at:

[www.schwab.com/public/schwab/nn/legal\\_compliance/important\\_notices/order\\_routing.html](http://www.schwab.com/public/schwab/nn/legal_compliance/important_notices/order_routing.html)

While it is possible that clients may pay higher commissions or transaction fees through preferred service providers, CND Financial has determined the firm currently offers the best overall value to the Adviser and its clients for the brokerage, service, and technology provided. Clients are also welcome to and encouraged to evaluate service providers before opening an account since they are welcome to select their preferred firm.

CND Financial monitors Schwab’s best execution documentation. At least annually, the CCO will review and evaluate Schwab’s performance by reviewing commission summaries, transaction reports, and failed trades. The data will be compared to other service providers offering comparable services within the Adviser market. From time-to-time, quantitative performance data about the broker-dealer may be acquired from the broker dealers or third-party evaluation services to assist the review process. The CCO



will maintain records pertaining to the Adviser's best execution review.

### **12.A(1) SOFT DOLLAR BENEFITS**

As previously noted in this section, CND Financial participates in the Charles Schwab & Co. institutional service program for independent Registered Investment Advisers. While there is no direct linkage between the investment advice given and the participation in a custodial firm's institutional program, economic benefits are received by the Adviser which would not be otherwise, if the Advisor did not give advice to clients.

Generally speaking, "soft dollars" are benefits (primarily investment research and brokerage services) that investment advisers receive in exchange for directing trade activity to a particular brokerage-custodial firm. Section 28(e) of the Securities Exchange Act of 1934, as amended (15 U.S.C. § 78bb (e)), establishes a safe harbor for money managers who use client funds to purchase brokerage and research services for their managed accounts. Under Section 28(e), a money manager is protected from liability for a breach of fiduciary duty solely on the basis of having paid more than the lowest commission rate for "brokerage and research services provided by a broker-dealer," the manager determines in good faith that the amount of the commission is reasonable in relation to the value of such services.

CND Financial may receive certain added benefits for utilizing Schwab, such as general research, the ability to deduct advisory fees from clients' custodial accounts, discounts on periodicals or materials, complimentary business and compliance newsletters, and various other non-cash services. Any general research the CND Financial may receive is used for the benefit of all clients.

In fulfilling its duties to its clients, CND Financial endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Adviser's receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence the Adviser's choice of one firm over another (when the other firm does not furnish similar fee benefits, software access/discounts, systems support, back office administrative support or other services). However, the value of products, research and services given, is nothing extraordinary from what may be available via other custodial relationships. Therefore, the Adviser takes the position that the benefits received are negligible and customary within the advisory business and do not impair its independence in terms of service provider selection. However, the receipt of benefits does create a conflict of interest in conjunction with custodial recommendations. The following disclosure provides additional information relating to services received and who benefits (Adviser, clients or both):

**Services received that benefit clients** include access to a broad range of investment products, execution of securities transactions and custody of client assets. The investment products available through Schwab include some which CND Financial might not otherwise have access to or would require a significantly higher minimum investment by our clients. CND Financial, by maintaining greater than \$5 million under management with certain custodians, may receive a waiver of fees (i.e. file download, on-line services, real time quotes, etc.) and, if applicable, discounted rates on transaction fees. While this last item benefits the Adviser, the clients also receive benefit via discounted transaction rates.

The following benefits present a conflict of interest between CND Financial and its clients:

**Services that may not directly benefit clients** are those products and services that Schwab makes available to CND Financial but may not directly benefit our clients or their accounts. These products and services assist the Adviser in managing and administering its clients' accounts and include investment research (both the broker/dealers' and that of third parties). CND Financial may use this research to service all or some substantial number of our clients' accounts, including those maintained

away from Schwab. In addition, Schwab makes available software and other technology that provides access to client account data (such as duplicate trade confirmations and account statements); facilitates trade execution and allocation of orders for multiple accounts; provides pricing and other market data, facilitates payment of advisory fees from client accounts and assists with back-office functions, recordkeeping and client reporting.

CND Financial receives access to the PortfolioCenter® software provided by Schwab Performance Technologies® because it is affiliated with another Investment Adviser (that utilizes the software), as disclosed in Item 10 of this Brochure. This software provides access to client account data and other services needs as noted above. While there is no requirement to place additional assets with Schwab to retain this benefit, CND Financial has this service incentive to continue to recommend Schwab to its clients. While this presents a conflict of interest between the Adviser and its clients, CND Financial acknowledges that as a fiduciary, it must place the best interest of their clients first.

**Services that generally benefit only the Adviser** are those other benefits intended to help the Adviser manage and further develop its business enterprise. These services may include but are not limited to educational conferences and events as well as technology. Services also may include general compliance news, general legal and business consulting as well as publications and conferences on practice management and business succession. The service providers may also offer access to employee benefits providers and human capital consultants. The firms may also provide these services themselves and in other cases, they will arrange for third-party vendors to provide services to the Adviser. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Adviser. Schwab and other service providers may provide benefits such as occasional business entertainment of our personnel and rarely, gifts of a very nominal value. The Chief Compliance Officer monitors all gifts and other considerations given and received.

As previously noted, Schwab does not charge their Advisers clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Receipt of these service benefits present a conflict of interest between CND Financial and its clients. As a fiduciary, CND Financial acknowledges that it must place the best interest of their clients first.

## **12.A(2) BROKERAGE FOR CLIENT REFERRALS**

CND Financial receives no referrals from a broker/dealer or third party in exchange for recommending or using a broker/dealer or third party.

## **12.A(3) CLIENTS DIRECTING BROKER / DEALER / CUSTODIAN**

Hourly Financial Planning and Consultation Service clients are welcome to utilize any service provider they may choose and are welcome to implement any advice or recommendations in whole or in part.

Clients are welcome to utilize the service provider of their choice, and in such cases, will direct CND Financial to use their firm of choice (via written direction). If the client requests the Adviser to arrange for the execution of securities brokerage transactions for the client's account, the Adviser shall direct such transactions through their selected broker-dealer until alternative directions are provided in writing. CND Financial cannot guarantee best execution of transactions due to limitations imposed by the client's

service provider either on the Adviser or in connection with transactions. In such cases, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Adviser will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by the Adviser (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Clients will also need to ensure CND Financial receives copies of custodial statements.

Subject to its duty of best execution, the Adviser may decline a client’s request to direct brokerage if, in the Adviser’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Error Policy**

CND Financial requires its personnel to carefully implement investment decisions. Nevertheless, if a trade error occurs, it is CND Financial’s policy to correct the error as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. The goal of error correction is to make the client “whole,” regardless of the cost to the Adviser.

If the trade error is the result of CND Financial’s error, the client’s transaction will be corrected and CND Financial will reimburse the client for any loss resulting from an inaccurate or erroneous order. If the client’s account is custodied at Schwab, Schwab will reimburse the client for any loss less than \$100. If a trade error occurs and it results in a gain, the gain will remain in the client’s account unless the same error involved other client account(s) that should have received the gain, or it is not permissible for the client to retain the gain. If the gain does not remain in the client’s account and Schwab is the custodian, Schwab will donate the amount of any gain of \$100 or over to charity. Schwab will maintain the loss or gain (if such gain is not retained in the client’s account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the client’s account, they may be netted.

### **12.B ALLOCATION POLICIES**

CND Financial will generally only assist with transactions in mutual and exchange traded funds. CND Financial does not engage in block trading of securities.

## **13. REVIEW OF ACCOUNTS**

### **13.A Reviews**

Investment Management Services involve continuous and ongoing services to include monitoring and internal review of portfolio assets. Internal reviews occur no less than quarterly, however, these reviews may occur more frequently, depending upon the nature and complexity of the portfolio. Internal reviews may also occur at the time of significant deposits or withdrawals or may be triggered by market conditions, at the request of the client or other factors.

Reviews generally entail analyzing securities, various markets, investment results, and other factors. For Investment Management clients who have received financial planning services, the Adviser also offers a review of the plan or strategy, *at the request of the client*. CND Financial may also review a portfolio if the client’s asset allocation deviates from the targeted acceptable limits, at which time rebalancing is

considered.

Individual reviews (with clients) are conducted as requested by the client. CND Financial prefers clients initiate meetings (in person, via phone or other direct communication) no less than annually. However, clients are obligated to *promptly* contact CND Financial when there exists a real or potential change in the clients' financial condition. *This prompt notification gives CND Financial and the client the opportunity to review the new data to help ensure the designed investment strategies continue to be appropriate based on client's input and stated objectives.*

The CNDF Guided Portfolio provides an automated investment engine to manage the client's portfolio on an ongoing basis through automatic rebalancing. CND Financial will provide ongoing monitoring of your account assets and performance within the Portfolio. CNDF will perform a monthly exception analysis to ensure client portfolios are within the tolerance set for target weights. CNDF also conducts a quarterly due diligence review of the Portfolio which will include asset class weights, fund selection, and recent performance.

The Adviser's hourly Financial Planning and Consultation Services do not include reviews since services terminate upon delivery. While the advice provided may include a recommendation for a future review or meeting, clients are welcome but never obligated to engage the Adviser for additional and/or future services. New or follow-up services will be available under a new or amended agreement.

### **13.B Reviewers**

Reviews are conducted by Adviser Representatives under the Direction of Arthur Cole, CPA/PFS, President and Chief Compliance Officer.

### **13.C Factors that may Trigger Non-Periodic Reviews of Accounts**

The timing of Internal portfolio reviews may also be guided by the underlying assets of the portfolio, individual circumstances as reasonably known by the Adviser, market conditions and the request of the client. Reviews may also be triggered by material market, economic or political events. As noted in Item B above, reviews may also be triggered by reported changes in the client's financial situation (which may include but are not limited to: Termination of employment, physical relocation, inheritance or retirement).

### **13.D Content and Frequency of Regular Reports to Clients**

Clients can expect to receive confirmation statements from all transactions and a monthly/quarterly statement, directly from their custodial firm. The custodian's quarterly reports detail account value, net change, portfolio holdings, and all account activity. The Adviser may prepare additional portfolio data or post meeting communications at the Adviser's discretion. A report will be provided, via postal mail to each client regarding his or her advisory account at least annually and more frequently if requested by the client. The report includes the current market value, rate-of-return, and the investment allocation of the account. Additionally, clients can expect to receive the customary reports from the investment company or account custodian, at least quarterly, showing the holdings in the account and any activity, as well as reports from any mutual funds in which the client may be invested. This information may be sent via postal mail or e-mail, as determined by the client's directives.

## **14. CLIENT REFERRALS AND OTHER COMPENSATION**

### **14.A Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

CND Financial does not receive any economic benefit, directly or indirectly from any third party for advice rendered to CND Financial clients.

As discussed at Item 5.C, clients utilizing the **CNDF Guided Portfolio** do not pay additional fees or brokerage commissions to Charles Schwab & Co. as Charles Schwab & Co. receives various other revenues from sponsoring the Portfolio. CND Financial's fees are separate, and in addition to, the management fees that fund companies pay to the manager(s) of their investment fund(s) in which you may invest (these companies pay these fees from fund assets).

It is important to note that IIP is a technology and service platform made available by Schwab Performance Technologies ("SPT") to independent investment advisers like CND Financial who maintain a business relationship with Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. ("Schwab"). Thus, CND Financial would not be able to offer clients the CNDF Guided Portfolio if it did not maintain its custodial relationship with Charles Schwab.

### **14.B Compensation to Non-Advisory Personnel for Client Referrals**

CND Financial does not compensate any other person or firm in exchange for client referrals.

## **15. CUSTODY**

CND Financial may have constructive custody of our clients' funds or securities as described below. The State of Michigan's Uniform Securities Act has set forth a set of standards intended to protect client assets in such situations. CND Financial adheres to these standards as discussed in Item 5.B(1) of this Brochure.

Clients authorize CND Financial in writing via the Investment Management Agreement to deduct our contractually agreed upon management fees directly from the client's account (via a qualified custodian). Custody services are provided by Charles Schwab & Co. or the client's selected custodial firm.

CND Financial is also deemed to have custody of clients' funds or securities when clients have written standing letters authorization ("SLOA") with their custodian to move money from a client's account to a third-party and under that SLOA authorizes CND Financial to designate the amount or timing of the transfers with the custodian. The client can directly terminate these instructions with the custodian. Only the client has the ability to change the third-party designations. The advisor will maintain records of any third-party relationship. The client receives notification from the custodian on SLOA instructions.

Clients will receive regular account statements directly from the custodian and should carefully review those statements. It is important that clients receive their statements directly from the custodian. If clients find that custodial account statements are not being received directly, they must promptly contact CND Financial and their custodial firm.

CND Financial will otherwise only have access to custodial accounts in order to implement trades via limited client authorized discretionary authority. It is important that clients receive custodial statements

directly. If clients find that custodial account statements are not being received directly, they must promptly contact their custodial firm and provide notice to CND Financial.

In all cases, clients have a direct and beneficial interest in their securities (individual ownership), rather than an undivided interest in a pool of securities. Execution of transactions and custody of client funds and securities are services provided by the client's selected brokerage/custodial services provider(s).

## **16. INVESTMENT DISCRETION**

CND Financial will maintain limited discretionary authority by virtue of the executed CND Financial client Investment Management Agreement. In addition, clients will also grant the Adviser limited discretion via their custodial account agreement. CND Financial will not have authority to direct assets outside of your account.

With the aforementioned authorization, CND Financial will maintain limited discretionary trading authority to execute securities transactions in the investor's portfolio within investor's designated investment objectives, to include the securities to be bought and sold, and the amount of securities to be bought and sold. CND Financial will never have full power of attorney and will not have the authority to take custody of investor funds or securities other than as discussed in Section 15 of this document.

More significant changes, such as switching to a different strategy, would be discussed and agreed upon with the client before implementing such a change.

## **17. VOTING CLIENT SECURITIES**

CND Financial does not vote proxy statements on behalf of clients. Your custodian will forward the proxy solicitation materials directly to you.

In the event the Adviser's proxy advice is requested, CND Financial shall only furnish consultations to existing clients. CND Financial will not solicit proxies from non-clients. When providing advice to clients, CND Financial will disclose any significant relationship with the issuer, its affiliates or a security holder proponent of the matter on which proxy voting advice is given, as well as any material interest of the Adviser in the matter. CND Financial will not accept any special fee or remuneration for furnishing the voting advice from any person other than the security holder recipient thereof. CND Financial's voting advice will not be provided on behalf of any person soliciting proxies, or on behalf of a participant in an election contest subject to SEC Rule 14a-11. CND Financial will never communicate with the press concerning a particular proxy. CND Financial recognizes that any deviations from these stated policies may require CND Financial to comply with the SEC's Proxy Registration Rules. CND Financial will not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

## **ITEM 18: FINANCIAL INFORMATION**

### **18.A BALANCE SHEET**

CND Financial does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance of services and therefore is not required to include a balance sheet with this brochure.

**18.B FINANCIAL CONDITIONS REASONABLY LIKELY TO IMPAIR THE ADVISER'S ABILITY TO MEET CONTRACTUAL COMMITMENTS TO CLIENTS**

Neither CND Financial nor its management have any financial conditions that are likely to reasonably impair the Adviser's ability to meet contractual commitments to clients.

**18.C BANKRUPTCY PETITIONS IN PREVIOUS TEN YEARS**

CND Financial has not been the subject of a bankruptcy petition in the last ten years.

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**BROCHURE SUPPLEMENTS  
FORM ADV 2B BROCHURES**

**Executive Financial Services, Inc.**  
*doing business as*  
**“CND Financial”**

**33762 Schoolcraft Road, 2nd Floor  
Livonia, Michigan 48150  
Phone: 734-427-2030  
Fax: 734-427-3004**

**June 28, 2021**

*These Form ADV Part 2B Brochures provide information about our registered personnel and supplements the CND Financial Form ADV 2A Brochure. Please contact our office if you did not receive our firm’s Form ADV 2A Brochure or if you have any questions about the contents of the following brochures. Information about CND Financial and its registered personnel is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD Number for Executive Financial Services d/b/a CND Financial is 110180 and the SEC Filing Number is 801-121895.*



**Arthur Raymond Cole**      *Year of Birth:* 1958  
**CRD# 2822685**  
**President**

**Item 2: Education Background and Business Experience**

***Formal Education:***

- Michigan State University 09/1976 – 06/1980; Bachelor of Arts College of Business
- University of Detroit 09/1983 – 06/1985; Master of Business Administration
- Walsh College 09/1992 – 12/1994; Master of Science in Professional Accountancy
- American Institute of Certified Public Accountants 09/06; Personal Financial Specialist

***Business Background:***

- Arthur R. Cole, Certified Public Accountant 01/1994 – 12/2002
- Cole, Newton & Duran, Certified Public Accountants 10/2001 – present  
Devoting approximately 45% of his time to this firm
- Strategic Investment Services, Inc. 07/2004 - present  
Devoting a minimal amount of time to this firm
- Executive Financial Services, Inc. 01/2008 – present
- MI Pharm, LLC 01/2018 – Present  
Devoting approximately 10% of his time to this firm

***Professional Designations:***

**CPA** – A Certified Public Accountant is an individual who has passed the uniform CPA examination administered by the American Institute Of Certified Public Accountants, and who has received state certification to practice accounting. CPAs are licensed and regulated by their state boards of accountancy.

Currently to attain the right to use the CPA title, an individual must satisfactorily fulfill the following requirements:

- Education – Attain a baccalaureate degree or higher (completing at least 150 semester hours) with a concentration in accounting that shall include not fewer than 12 semester hours of graduate level accounting courses
- Examination – Pass the comprehensive CPA Certification Examination. The examination, administered over a two-day period, includes auditing and attestation, financial accounting and reporting, regulation and business environment concepts
- Experience - One calendar year and 2,000 hours of qualifying experience (providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA) gained through employment
- Ethics – Agree to be bound to the State of Michigan accountancy laws as well the guidelines established by the *Michigan Association of Certified Public Accountants*

*Association in conjunction with the American Institute of CPA's Code of Professional Conduct.*

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain their CPA title:

- Continuing Education – Complete 80 hours of continuing education hours every two years, including sixteen hours for Auditing & Accounting and four hours of Ethics, which include parts of the *Code of Professional Conduct*, to maintain the CPA license and stay current with developments in the accounting field; and
- Ethics – Membership with the American Institute of CPAs requires member to adhere to the guidelines established by the *American Institute of CPA's Code of Professional Conduct*. The Principles call for an unswerving commitment to honorable behavior even at the sacrifice of personal advantage.

CPA Professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CPA certification.

**PFS** – Personal Financial Specialist credential is awarded by the American Institute of Certified Public Accountants to CPAs demonstrating the individual has met the education, experience and testing required of a CPA in addition to a minimum level of expertise in personal financial planning.

Currently to attain the right to use the PFS credential, an individual must satisfactorily fulfill the following requirements:

- Education – Hold a valid and unrevoked CPA license issued by a state authority. Earn a minimum of 80 hours of personal financial planning education within the five-year period preceding the date of the PFS application. The areas of study would include personal financial planning, income tax, insurance, investment, financial independence, employee benefits, performance management, charitable planning and special needs. To maintain their PFS credential, the recipient must complete 60 hours of financial planning continuing education credits every three years
- Examination – Pass the comprehensive financial planning exam that covers all of the disciplines that make up personal financial planning or its equivalent. The examination is administered during a one day, seven-hour period covering various case studies
- Experience – Attain two years of full-time business or teaching experience (or 3,000 hours equivalent, including 1,000 hours of tax compliance) in personal financial planning within the five-year period preceding the date of the PFS application
- Ethics – Membership with the American Institute of CPAs requires the member to adhere to the guidelines established by the *American Institute of CPA's Code of Professional Conduct*. The Principles call for an unswerving commitment to honorable behavior even at the sacrifice of personal advantage.

PFS professionals who fail to comply with the above standards and requirements may as a result

have their PFS credential revoked.

### **ITEM 3: DISCIPLINARY INFORMATION**

Mr. Cole's registration record contains no investment-related legal, or regulatory events currently, pending or historically. Mr. Cole has not been involved in any issues involving financial or investment-related civil actions, administrative proceedings before the SEC or any other federal, state or foreign regulatory authorities. Mr. Cole has not been involved in any self-regulatory organization proceedings or arbitrations. Mr. Cole has never been a party in a bankruptcy and has never been involved in any license or registration suspensions or revocations. Disclosure background on investment adviser representatives can be located via on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **ITEM 4: OTHER BUSINESS ACTIVITIES**

Art Cole does not engage in any other investment-related business.

Arthur Cole, CPA/PFS, the President and Chief Compliance Officer of CND Financial is the Managing Partner of Cole, Newton & Duran, a Certified Public Accounting firm. While the time spent on this outside business activity may vary throughout the year, it may involve up to 60% of his time. The services of the CPA firm are separate and distinct business from the services provided by CND Financial. Adviser Representatives of CND Financial may recommend the services of the affiliated accounting firm and clients are welcome but never obligated to utilize the firm's services

Mr. Cole is the President of Strategic Investment Services, Inc. a small holding company that does not provide any public services. Strategic Investment Services requires a minimal amount of time from Mr. Cole.

Mr. Cole is also CFO of MI Pharm, LLC a long-term care pharmacy. Hours may vary throughout the year but generally involves 10% of the registrant's time, minimal time during trading hours.

### **ITEM 5: ADDITIONAL COMPENSATION**

Other than compensation received from CND Financial, Mr. Cole does not receive any economic benefit from any person, company, or organization, either directly or indirectly, in exchange for providing clients with investment advisory services.

### **ITEM 6: SUPERVISION**

CND Financial requires that all employees adhere to our processes and procedures as described in our firm's Code of Ethics. As an owner and president of the firm, Arthur Cole does not report to a supervisor. However, Mr. Cole signs an annual agreement to abide by the firm's policies and procedures. In accordance with our Code of Ethics, William Mack monitors Arthur Cole's personal securities transactions. William Mack can be reached at (734) 427-2030.

We monitor all advice that is provided to our clients by performing the following reviews:

- A review of relevant account opening documentation when the relationship is established
- A daily review of account transactions
- Review meeting notes to ensure that supervised persons are aware of the client's financial situation, objectives, and individual investment needs; and
- A review of all client correspondence

**William Mack**  
**CRD# 1434254**  
**Vice=President**

*Year of Birth:* 1957

**Item 2: Education Background and Business Experience**

***Formal Education:***

- Ohio State University 09/1975 - 06/1981; Bachelor of Science
- College for Financial Planning 02/1984 - 02/1986
- Institute of Certified Fund Specialists 05/1992

***Business Background:***

- VESTAX Securities Corporation, Registered Representative 01/1992 - 11/2002
- William Mack & Associates, Owner 01/1992 - 04/1992
- Financial Planning Association (formerly Institute of Certified Financial Planners), held several board positions during 10-year tenure, including President and Chairman of the Board 1987- 1997
- William Mack & Associates, Inc., President 04/1992 – present  
Devoting approximately 75% of his time to this firm

***Professional Designations:***

**CFP®:** The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services and attain a bachelor’s degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and

client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;

- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

CFS®: With mutual funds training, a Certified Fund Specialist® (CFS®), offered through the Institute of Business & Finance, is able to evaluate and compare financial measurements and benchmarks when constructing a portfolio. Modern portfolio theory (MPT) is a key part of the program; its components are broken down and detailed in terms the advisor can easily understand and convey to a client. Armed with MPT and other selection criteria learned as part of the mutual fund education, a suitable and efficient portfolio using closed-end, exchange-traded, and open-end funds can be derived. CFS® is the oldest designation in the mutual fund industry.

To attain the right to use the CFS® mark, an individual must satisfactorily fulfill the following requirements:

- The CFS® consists of six modules, designed to be completed within 15 weeks.
- There are three non-cumulative exams and one case study.
- Each exam is based on two modules.
- Each exam consists of 50 multiple-choice questions.
- A written case study is required.

Following initial certification and authorization to use IBF designation marks, certification must be renewed annually. By meeting IBF's ongoing competency requirements of continuing education (30 hours of CE every two years), adhering to IBF's Code of Ethics and Standards of Practice, designees demonstrate their commitment to ongoing education and professionalism.

### **ITEM 3: DISCIPLINARY INFORMATION**

William Mack's registration record contains no investment-related legal, or regulatory events currently, pending or historically. Mr. Mack has not been involved in any issues involving financial or investment civil actions, administrative proceedings before the SEC or any other federal, state or foreign regulatory authorities. Mr. Mack has not been involved in any self-regulatory organization proceedings or arbitrations. Mr. Mack has never been a party in a bankruptcy and has never been involved in any license or registration suspensions or revocations. Disclosure background on investment adviser representatives can be located via on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **ITEM 4 OTHER BUSINESS ACTIVITIES**

- A. Does not engage in any other investment-related business other than noted at Item B.
- B. William Mack is an owner of William Mack & Associates, Inc., an investment advisory firm CRD#107377. William Mack & Associates, Inc. receives approximately 75% of Mr. Mack's time. William Mack & Associates provides CND Financial with investment advisory services. William Mack and Theodore K. Bugenski collectively own 50% of Executive Financial Services, Inc. The business of William Mack & Associates is separate and distinct from those provided by CND Financial.

### **ITEM 5: ADDITIONAL COMPENSATION**

Other than compensation received from CND Financial, Mr. Mack does not receive any economic benefit from any person, company, or organization, either directly or indirectly, in exchange for providing CND Financial's clients with investment advisory services.

### **ITEM 6: SUPERVISION**

CND Financial requires that all employees adhere to our processes and procedures as described in our firm's Code of Ethics. As an owner and vice-president of the firm, William Mack does not report to a supervisor. However, Mr. Mack signs an annual agreement to abide by the firm's policies and procedures. Arthur R. Cole, monitors William Mack's personal securities transactions in accordance with our Code of Ethics. Arthur R. Cole can be reached at (734) 427-2030.

We monitor all advice that is provided to our clients by performing the following reviews:

- A review of relevant account opening documentation when the relationship is established;
- A daily review of account transactions;
- Review meeting notes to ensure that supervised persons are aware of your current financial situation, objectives, and individual investment needs; and
- A review of all client correspondence.

**Theodore Karl Bugenski**  
**CRD# 2167202**  
**Corp. Secretary, Treasurer**

*Year of Birth:* 1965

## **ITEM 2: EDUCATION BACKGROUND AND BUSINESS EXPERIENCE**

### ***Formal Education:***

- Oakland University 10/1983 - 12/1988; Bachelor of Science
- Wright State University 9/90 - 6/91; Bachelor of Science
- College for Financial Planning 08/1994
- Institute for Certified Fund Specialists 05/1992

### ***Business Background:***

- Financial Planning Association (FPA) (formerly Institute of Certified Financial Planners), Board of Directors 1999 - Present (Several Board positions including President)
- VESTAX Securities Corporation, Registered Representative 01/1992 - 11/2002
- Oakland University, Instructor in Financial Planning Program 09/1992 - 05/1996
- William Mack & Associates, Financial Planner 01/1992 - 04/1992
- William Mack & Associates, Inc., Vice President & CCO 04/1992 – present  
Devoting approximately 95% of his time to this firm

### ***Professional Designations:***

**CFP®:** The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services and attain a bachelor’s degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include



insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

CFS®: With mutual funds training, a Certified Fund Specialist® (CFS®), offered through the Institute of Business & Finance, is able to evaluate and compare financial measurements and benchmarks when constructing a portfolio. Modern portfolio theory (MPT) is a key part of the program; its components are broken down and detailed in terms the advisor can easily understand and convey to a client. Armed with MPT and other selection criteria learned as part of the mutual fund education, a suitable and efficient portfolio using closed-end, exchange-traded, and open-end funds can be derived. CFS® is the oldest designation in the mutual fund industry.

To attain the right to use the CFS® mark, an individual must satisfactorily fulfill the following requirements:

- The CFS® consists of six modules, designed to be completed within 15 weeks.
- There are three non-cumulative exams and one case study.
- Each exam is based on two modules.
- Each exam consists of 50 multiple-choice questions.
- A written case study is required.

Following initial certification and authorization to use IBF designation marks, certification must be renewed annually. By meeting IBF's ongoing competency requirements of continuing

education (30 hours of CE every two years), adhering to IBF's Code of Ethics and Standards of Practice, designees' demonstrate their commitment to ongoing education and professionalism.

### **ITEM 3: DISCIPLINARY INFORMATION**

Mr. Bugenski's registration record contains no investment-related legal, or regulatory events currently, pending or historically. Mr. Bugenski has not been involved in any issues involving financial or investment civil actions, administrative proceedings before the SEC or any other federal, state or foreign regulatory authorities. Mr. Bugenski has not been involved in any self-regulatory organization proceedings or arbitrations. Mr. Bugenski has never been a party in a bankruptcy and has never been involved in any license or registration suspensions or revocations. Disclosure background on investment adviser representatives can be located via on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **ITEM 4: OTHER BUSINESS ACTIVITIES**

- A. Does not engage in any other investment-related business other than noted in Item B.
- B. Theodore K. Bugenski is an owner of William Mack & Associates, Inc., an investment advisory firm CRD#107377. William Mack & Associates, Inc. receives approximately 95% of Mr. Bugenski's time. William Mack & Associates provides Executive Financial Services investment advisory services. William Mack and Theodore K. Bugenski collectively own 50% of Executive Financial Services, Inc.

### **ITEM 5: ADDITIONAL COMPENSATION**

Other than compensation received from CND Financial, Mr. Bugenski does not receive any economic benefit from any person, company, or organization, either directly or indirectly, in exchange for providing CND Financial's clients with investment advisory services.

### **ITEM 6: SUPERVISION**

CND Financial requires that all employees adhere to our processes and procedures as described in our firm's Code of Ethics. As an owner and secretary of the firm, Theodore K. Bugenski does not report to a supervisor. However, Mr. Bugenski signs an annual agreement to abide by the firm's policies and procedures. Arthur R. Cole, President monitors Theodore K. Bugenski's personal securities transactions in accordance with the firm's Code of Ethics. Arthur R. Cole can be reached at (734) 427-2030. We monitor all advice that is provided to our clients by performing the following reviews:

- A review of relevant account opening documentation when the relationship is established;
- A daily review of account transactions;
- Review meeting notes to ensure that supervised persons are aware of the client's financial situation, objectives, and individual investment needs; and
- A review of all client correspondence.

**William Francis Camp, CFA®**

Year of Birth: 1961

CRD# 4549024

Investment Adviser Representative

## **ITEM 2: EDUCATION BACKGROUND AND BUSINESS EXPERIENCE**

### ***Formal Education:***

- Michigan State University 1984; Bachelor of Arts College of Business
- Wayne State University 1990; Master of Business Administration

### ***Business Backgrounds:***

Executive Financial Services, Inc., dba “CND Financial”, Livonia, MI

Investment Adviser Representative

Registered Investment Advisor 2021 - Present

Retired 7/2020 to 1/2021

LS Investment Advisors, LLC, “LSIA”, Bloomfield Hills, MI

President and Chief Compliance Officer

Registered Investment Advisor 7/2010 – 7/2020

Natixis Distributors, L.P., Boston, MA (main office)

Registered Representative

Broker-Dealer 2006-2008

Natixis Asset Management Advisors, LP, Boston, MA (main office)

President, Portfolio Management Partners

Registered Investment Advisor 2006-2008

Loomis Sayles Distributors, L.P, Boston, MA (main office)

Director Investment Counseling Group, Associate Managing Partner,

Value Equity Management and Vice President & Fixed Income Portfolio Manager,

Core Bond Group (1995-2006)

Registered Representative 2002-2006

Broker-Dealer 2002-2006

Kmart Corporation International Headquarters

Portfolio Manager and Investment Manager

Retail Corporation 1988-1995

### ***Professional Designations:***

#### **CFA® – CHARTERED FINANCIAL ANALYST® DESIGNATION**

The CFA Institute is a global, not-for-profit organization of investment professionals. To earn the CFA® designation, candidates must successfully pass all three exam levels; complete four years of qualified investment work experience; become a member of the CFA Institute; apply for membership to a local CFA member society; and annually pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. CFA® and Chartered Financial Analyst® designation are trademarks owned by CFA Institute.

#### **ITEM 3: DISCIPLINARY INFORMATION**

William Camp's registration record contains no investment-related legal, or regulatory events currently, pending or historically. Mr. Camp has not been involved in any issues involving financial or investment-related civil actions, administrative proceedings before the SEC or any other federal, state or foreign regulatory authorities. Mr. Camp has not been involved in any self-regulatory organization proceedings or arbitrations. Mr. Camp has never been a party in a bankruptcy and has never been involved in any license or registration suspensions or revocations. Disclosure background on investment adviser representatives can be located via on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### **ITEM 4: OTHER BUSINESS ACTIVITIES**

- A. Mr. Camp does not engage in any other investment-related business activities.
- B. William F. Camp is part owner of WMCA, LLC which is a private entity not currently engaged in business or providing services to the public.

#### **ITEM 5: ADDITIONAL COMPENSATION**

Other than compensation received from CND Financial, Mr. Camp does not receive any economic benefit from any person, company or organization, either directly or indirectly, in exchange for providing clients with advisory services.

#### **ITEM 6: SUPERVISION**

Executive Financial Services, Inc. dba "CND Financial" requires that all employees adhere to our processes and procedures as described in our firm's Code of Ethics. As an Investment Advisor Representative, William F. Camp reports to Arthur R. Cole, President and Chief Compliance Officer. Mr. Camp also signs an annual agreement to abide by the firm's policies and procedures. As Chief Compliance Officer, Mr. Cole, monitors the day-to-day activities of

CND Financial and William F. Camp's personal securities transactions in accordance with the firm's Code of Ethics. The Advisor's supervisory system establishes clear lines of authority, accountability, and responsibility. Arthur R. Cole can be reached at (734) 427-2030.

CND Financial monitors all advice provided to our clients by performing the following reviews:

- A review of relevant account opening documentation when the relationship is established
- A daily review of account transactions
- Review meeting notes to ensure that supervised persons are aware of the client's financial situation, objectives, and individual investment needs; and
- A review of all client correspondence.

## **ADDITIONAL INFORMATION: PRIVACY POLICY**

As an SEC regulated Registered Investment Adviser, CND Financial is covered under the definition of a “financial institution” in the Federal Gramm-Leach-Bliley Act (the “Act”). The Adviser is therefore subject to Act as well as the rules of privacy imposed on Investment Advisers and other financial services firms as established in the SEC’s Regulation S-P (“Privacy Rule”).

Privacy of nonpublic personal information is an issue that the staff of CND Financial takes seriously. To maintain compliance with Privacy Rules, every broker, dealer, investment company and Investment Adviser is required to adopt policies and procedures reasonably designed to safeguard customer and consumer records and information. CND Financial has adopted a Privacy Policy to protect clients and consumers.

In its role as Investment Adviser, CND Financial routinely collects nonpublic personal information from clients and prospective clients. This information generally will include but is not limited to:

- Information provided from applications, forms and other information provided to us either verbally or in writing, and include but are not limited to your name, address, phone number, account information, social security number, assets, employment, income and debt;
- Information about your transactions, accounts, trading activity and parties to transactions; health and beneficiary information (such as may pertain to planning issues);
- Information from other outside sources;
- Any other data that is deemed to be nonpublic personal information as defined by the Act and state privacy rules.

CND Financial values clients’ trust and confidence. We will never sell the nonpublic personal information we obtain from consumers or clients.

All information provided by clients or prospective clients to CND Financial, (including the Adviser’s personnel), and information and advice furnished by the Adviser to clients, shall be treated as confidential and shall not be disclosed to unaffiliated third parties, except: As directed by clients with written authorization, by application to facilitate the investment advisory services offered by the Adviser via an affiliated or unaffiliated financial services provider (such as the client’s custodial firm or broker/dealer), or as required by any rule, regulation or law to which the Adviser or its staff may be subject.

CND Financial will share data with its affiliated entities in order to facilitate requested CND Financial services or the services of the CND Financial affiliate. For example, if clients engage CND Financial’s affiliated CPA firm for services, CND Financial will assist the client and the CPA firm by providing necessary information the affiliate needs to provide the requested services. In addition, the affiliated CPA firm may provide client data to assist CND Financial in performing its services for our shared client. CND Financial may share client data with our affiliate William Mack & Associates, Inc., (“WMA”) as required for WMA to provide back-office administrative services to CND Financial on behalf of CND Financial clients.

CND Financial maintains clients records in a controlled environment and records (electronic and otherwise) are only available to authorized persons of the Adviser who have a need to access client information in order to deliver advisory services, provide administrative support, or to respond to client requests. The Adviser has made reasonable efforts and conducts periodic tests to ensure that its electronic network is hack-proof.

CND Financial's position on protecting non-public personal information extends beyond the life of the CND Financial client agreement. Client information is retained in a protected manner for the time period required by regulators (the fifth fiscal year end from the date of last use) and thereafter is safely destroyed via in-house shredding, e-file destruction or via a contracted secure shredding service.

Consumers (those persons who are not clients) who provide information during an initial consultation or for other purposes but do not go on to become clients of the Adviser also receive privacy protection. Original information will be promptly returned in person or via the mail if the Adviser's services are not engaged. Alternatively, if nonpublic personal information is contained in copies of documents, notes or some other media, this information will be securely filed for a period of up to one year (depending upon likelihood of engagement) before being shredded in-house or via our secure shredding service.

Clients are encouraged to discuss any questions regarding CND Financial's privacy policies and procedures with Arthur Cole, CPA/PFS, President and Chief Compliance Officer.