



## **FIRM BROCHURE**

This brochure provides information about the qualifications and business practices of Horizon Financial Services, LLC. If you have any questions about the contents of this brochure, please contact us at (336) 659-7060 or by email to [melissa.chadwick@horizonfs.com](mailto:melissa.chadwick@horizonfs.com). The information contained in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Horizon Financial Services, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Horizon Financial Services, LLC's CRD number is: 158798.

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Since the last annual filing on February 17, 2021, the following changes have occurred:

- Item 4 has been updated to disclose the most recent calculation for assets under management.
- Items 4 and 5 have been updated to disclose all accounts will now be managed with the use of a subadvisor.
- Item 5 has been updated to disclose our new fee schedule for assets under advisement.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Horizon Financial Services, LLC, is a limited liability company organized in the state of North Carolina. This firm has been in business since July 2011, and the principal owner is John Joseph Brais.

### B. Types of Advisory Services

Horizon Financial Services, LLC, (hereinafter “HFS”) offers the following services to advisory clients:

#### **Asset Management**

HFS offers discretionary asset management services to advisory clients. HFS will offer clients ongoing portfolio management services after determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring, and the client’s overall investment program will be based on the above factors. The client will authorize HFS with discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Contract.

HFS will hire subadvisors to manage the assets in client accounts. HFS has full discretion to hire and fire subadvisors as they deem suitable. Subadvisors will maintain the models or investment strategies agreed upon between subadvisors and HFS. Subadvisors will execute trades on behalf of HFS in client accounts. HFS will be responsible for the overall direct client relationships. HFS retains the authority to terminate the subadvisor relationships at HFS’s discretion.

#### **Assets Under Advisement**

HFS offers consulting services to individuals on assets not held with the HFS custodian. This includes, but is not limited to, the following types of qualified plans: 401K, 401A, 403B, TSA, SRA, and 457. In addition, HFS offers ongoing reviews of variable annuities. HFS will work with individuals to determine their individual goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, and asset allocation are based on the above factors. HFS will make recommendations on asset allocations from the investment options available within the plan. Any implementation of these recommendations is at the sole discretion of the client. HFS encourages clients to make any recommended changes in a timely manner and to notify HFS when the changes have been made; however, HFS is not responsible for ensuring changes have been made and shall not be held liable should a client choose not to make its recommended changes in a timely manner. The accounts will be monitored on at least a quarterly basis, or as requested otherwise by client.

#### **Financial Planning and Consulting Services**

HFS offers financial planning and consulting services to clients. These services cover all areas of financial planning and consulting from risk management to estate conservation. HFS specializes in helping clients develop a comprehensive and cohesive financial strategy that fits their unique needs and enables them to meet both short and long-term objectives. If a conflict of interest exists between the interests of the investment advisor and the interests of the client, the client is under no obligation to act upon the investment advisor’s recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through HFS.

#### **Seminars and Workshops**

HFS holds seminars and workshops to educate the public on retirement and financial planning. These events are educational in nature and no specific investment or tax advice is given.

### C. Client-Tailored Services and Client-Imposed Restrictions

HFS offers the same suite of services to all of its clients; however, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client’s

current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

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

HFS does not sponsor a wrap fee program.

#### **E. Amounts Under Management**

HFS has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$158,623,944	\$1,079,991	08/11/2021

### **Item 5: Fees and Compensation**

#### **A. Fee Schedule**

##### **Asset Management**

HFS charges the following annual investment advisory fee for asset management, which is based on the total assets under management and includes subadvisor fees:

<b>Total Assets Under Management</b>	<b>Max Annual Fee</b>
Under \$100,000	1.70%
\$100,001 - \$250,000	1.45%
\$250,001 - \$1,000,000	1.20%
\$1,000,001 - \$2,000,000	1.10%
\$2,000,001 - \$4,000,000	1.00%
\$4,000,001 - \$8,000,000	0.80%
\$8,000,001 - \$15,000,000	0.60%
\$15,000,001+	0.40%

The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee. Fees are paid monthly in arrears, based on the previous month's average daily account balance. For accounts opened mid-billing period initial fees for the partial month will be prorated. Clients may terminate their contracts with seven (7) business days written notice. For accounts closed mid-billing period, any unpaid fees will be due to HFS. Lower fees for comparable services may be available from other sources.

##### **Assets Under Advisement**

HFS charges the following annual investment advisory fee for assets under advisement, which is based on the total assets under advisement:

<b>Total Assets Under Advisement</b>	<b>Annual Fee</b>
Under \$100,000	1.50%

Total Assets Under Advisement	Annual Fee
\$100,001 - \$250,000	1.25%
\$250,001 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.90%
\$2,000,001 - \$3,000,000	0.80%
More than \$3,000,001	0.70%

Fees for investment advisory services will be calculated annually based on the account balance at the time services are engaged pursuant to the Schedule of Fees (D) in the Investment Advisory Agreement. After the annual fee is calculated, it will be divided by 12 and billed monthly in arrears. Each year, in conjunction with the Agreement's anniversary date, the account balance will be reviewed with the client and advisory fees for the upcoming year will be calculated using the same methodology. Advisory fees for clients with mid-month engagement dates will begin on the first day of the first complete month following the engagement date.

If clients roll funds out of their account or withdraw funds mid-year and the account balance is reduced by 20 percent or more, HFS will recalculate fees for the remainder of the year and subsequent monthly invoices will be adjusted accordingly. Clients assume responsibility and agree to alert HFS as soon as funds totaling 20 percent or more of an account balance are rolled out of or withdrawn from an account and are not deposited into another account managed by HFS. If an updated statement or screenshot is not provided after a rollover or withdrawal is processed and HFS is not alerted by the client that such action has taken place, HFS will continue to bill fees each month based on the last known account balance used to calculate annual fees.

Fees will not be reassessed mid-year based on growth or deposits made into the account.

Investment advisory fees for assets under advisement will be billed directly to the client or deducted from another account managed by HFS as directed by the client. (An invoice for fees will be provided to clients that choose to pay by direct billing, either by check or credit card.)

Should advisory services be terminated mid-billing period, fees will not be charged or invoiced after the month in which services are terminated.

Clients may terminate their contracts without penalty, for a full refund, within seven (7) business days of signing the advisory agreement with written notice. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

### **Financial Planning and Consulting Services**

HFS charges an hourly fee for financial planning and consulting services. Prior to the consultation process, the client will be provided an estimated fee. Services include, but are not limited to, a thorough review of all applicable topics including wills, estate plan/trusts, investments, taxes, and insurance. Payments are received in two installments; the first half at the commencement of the consultation, with the balance due upon completion. Services will be completed and delivered within sixty (60) days. Clients may cancel services within seven (7) business days of signing the Financial Planning and Consulting Services Agreement for a full refund. If a client cancels the Agreement after seven (7) business days, any unpaid earned fees will be due to HFS. Conversely, any unearned fees will be refunded to the client.

#### ***HOURLY FEES FOR CLIENTS THAT HAVE ASSETS MANAGED BY HFS:***

Financial planning and consulting services are offered based on an hourly fee of \$150 per hour with a minimum of one hour of service. Fees will be charged in 15-minute increments after the initial hour.

#### ***HOURLY FEES FOR CLIENTS THAT DO NOT HAVE ASSETS MANAGED BY HFS:***

Financial planning and consulting services are offered based on an hourly fee of \$300 per hour with a minimum of one hour of service. Fees will be charged in 15-minute increments after the initial hour.

## **Seminars and Workshops**

HFS holds seminars and workshops to educate the public on retirement and financial planning. These events are educational in nature and no specific investment or tax advice is given.

HFS offers these seminars for a registration fee of up to \$100 per person.

### **B. Payment of Fees**

Advisory fees are withdrawn directly from client accounts with each client's written authorization. Assets under advisement fees are paid directly to HFS or deducted from an account managed by HFS. Fees for financial planning and consulting services are paid directly to HFS.

### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third-party fees (e.g., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.) Those fees are separate and distinct from the fees and expenses charged by HFS. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

Financial planning and consulting services are estimated and billed 50% in advance. Clients may cancel within seven (7) business days of signing their Financial Planning and Consulting Services Agreement for a full refund. If cancellation occurs after seven (7) business days, client will be entitled to a pro-rata refund based on work completed.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither HFS nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

HFS does not accept performance-based fees or other fees based on a share of capital gains on, or capital appreciation of, the assets of a client.

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

HFS generally provides management supervisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit-Sharing Plans

### **Minimum Account Size**

HFS has a minimum account size of \$50,000. In certain circumstances HFS may reduce this minimum at their discretion. Fees will not exceed 2% of assets per year.

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

### **A. Methods of Analysis and Investment Strategies**

#### **Methods of Analysis**

HFS's methods of analysis include charting analysis, fundamental analysis, and technical analysis.



**Charting analysis** involves the use of patterns in performance charts. HFS uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

In developing a financial consultation for a client, HFS' analysis may include cash flow analysis, investment planning, risk management, tax planning, and estate planning. Based on the information gathered, a detailed strategy is tailored to the client's specific situation. The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

### **Investment Strategies**

HFS uses long and short-term trading strategies.

Investing in securities involves a risk of loss to clients, which they should be prepared to bear.

## **B. Material Risks Involved with Methods of Analysis and Investment Strategies**

### **Methods of Analysis**

**Charting analysis** strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Sub-advisors used by HFS provide a variety of investment strategies designed for a wide range of investors with diverse investment objectives. These portfolio offerings may include "fund of funds" and individual securities. On an ongoing basis the sub-advisors will re-evaluate asset class selection, asset allocation, holding selection, and portfolio rebalancing.

### **Investment Strategies**

Long-term trading is 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.

Short-term trading generally holds greater risk and clients should be aware that there is a material risk of loss using this strategy.

Investing in securities involves a risk of loss to clients, which they should be prepared to bear.

## **C. Risks of Specific Securities Utilized**

HFS generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss to clients, which they should be prepared to bear.

### **Item 9: Disciplinary Information**

#### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

#### **B. Administrative Proceedings**

There are no administrative proceedings to report.

#### **C. Self-Regulatory Organization (SRO) Proceedings**

There are no self-regulatory proceedings to report.

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

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

Neither HFS nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

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

Neither HFS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

#### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

John Joseph Brais and Melissa Chadwick are licensed insurance agents and they will offer clients insurance-related advice or products from time-to-time. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a Registered Investment Advisor. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation. HFS always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of HFS in their capacity as an insurance agent.

#### **D. Selection of Other Advisors or Managers and How This Advisor is Compensated for Those Selections**

HFS may also utilize the services of a sub-advisor to manage clients' investment portfolios. Sub-advisors will maintain the models or investment strategies agreed upon between sub-advisors and HFS. Sub-advisors execute all trades on behalf of HFS in client accounts. HFS will be responsible for the overall direct relationship with the client. HFS retains the authority to terminate the sub-advisor relationship at HFS's discretion.

In addition, clients will grant HFS full discretionary authority and authorize HFS to select and appoint one or more independent investment advisors ("Advisors") to provide investment advisory services to clients

without prior consultation or consent of clients. Such Advisors shall have all the same authority relating to the management of each client's investment accounts as is granted to HFS in the Investment Advisory Contract or Agreement. In addition, at HFS's discretion, HFS may grant such Advisors full authority to further delegate such discretionary investment authority to additional Advisors.

This practice does not represent a conflict of interest as the fees charged by HFS remain the same fees regardless of the use of the sub-advisor.

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

### **A. Code of Ethics**

HFS has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. The HFS Code of Ethics is available to any client or prospective client free upon request.

### **B. Recommendations Involving Material Financial Interests**

HFS does not recommend that clients buy or sell any security in which HFS or a person related to HFS has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time-to-time, representatives of HFS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of HFS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. HFS will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At or Around the Same Time as Clients' Securities**

From time-to-time, representatives of HFS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of HFS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. HFS will always transact client's transactions before its own when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

HFS's Custodian, TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA (CRD # 5633), was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. HFS will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

#### **1. Research and Other Soft-Dollar Benefits**

HFS does not receive any soft dollars.

**2. Brokerage for Client Referrals**

HFS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

**3. Clients Directing Which Broker/Dealer/Custodian to Use**

HFS will not allow clients to direct HFS to use a specific broker-dealer to execute transactions. Clients must use HFS recommended custodian (broker-dealer). By requiring clients to use its specific custodian, HFS may be unable to achieve the most favorable execution of client transactions and this may cost clients' money over using a lower-cost custodian.

**B. Aggregating (Block) Trading for Multiple Client Accounts**

HFS maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing HFS the ability to purchase larger blocks resulting in smaller transaction costs to individual clients. Declining to block trade can cause more expensive trades for clients.

**Item 13: Reviews of Accounts**

**A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least monthly by Investment Advisor Representatives of HFS. Account reviews are performed more frequently when market conditions dictate.

**B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in a particular client's financial situation (e.g., retirement, termination of employment, physical move or inheritance).

**C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the Custodian, a written report that details the client's account including assets held and asset value.

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

**A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

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

**B. Compensation to Non – Advisory Personnel for Client Referrals**

HFS may enter into solicitation agreements in which it compensates third-party intermediaries for client referrals that result in the provision of investment advisory services by HFS. HFS will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisors Act. Solicitors introducing clients to HFS may receive compensation from HFS, such as a retainer, a flat fee per referral and/or a percentage of introduced capita. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time-to-time. The cost of any such fees will be the responsibility of HFS and not affect any client.

### **Item 15: Custody**

HFS does not have custody of client assets. All assets are held at qualified custodians. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, which they should carefully review for accuracy.

### **Item 16: Investment Discretion**

For client accounts that HFS provides ongoing supervision, the client has given HFS written discretionary authority with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides HFS discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the Custodian.

### **Item 17: Voting Client Securities (Proxy Voting)**

HFS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

HFS does not require nor solicit prepayment of more than \$1200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither HFS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

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